



 **TRANSMAX**

Annual Report

2017-2018

© **Transmax Pty Ltd 2018.**

This report must not be reproduced in whole or part other than with the permission of Transmax Pty Ltd. Transmax reserves the right to amend, without notice, details contained in this publication. Transmax will accept no legal liability for any errors, omissions or amendments.

STREAMS® is a registered trademark of Transmax Pty Ltd in Australia. It is protected against unauthorised use under the Trade Marks Act (1995) and is a valuable business asset to our Shareholder. To preserve trademark rights, all trademarks must be used consistent with these guidelines. More information on trademarks is available at www.ipaustralia.gov.au

Contents

01 Chair and Managing Director report	02
02 About Transmax	05
03 Performance highlights	11
04 STREAMS update	15
05 Transmax customers	19
06 Operational performance	23
07 Innovation and R&D	29
08 Our people	33
09 Financial Statements	39

Chair and Managing Director report

We would like to take this opportunity to thank our customers for collaborating with Transmax. We are pleased to work together to provide Intelligent Transport Systems (ITS) solutions that help achieve safer and more reliable journeys for the millions of people using Australia's road networks every day.

We are pleased to report that Transmax achieved a record performance and this is thanks to the trust our customers place in the company to deliver on a large volume of projects.

In addition to developing innovative solutions and delivering on customer projects, much of our focus this year has been on finalising the Unified STREAMS Programme (USP) and we are pleased to report it was completed during the financial year and released to customers. As a consolidated platform, customers can now realise the full benefits of STREAMS. The completed USP provides a wonderful opportunity for customer collaboration, is a more cost-effective platform and ensures customers maximise their software assurance.

During the year we refreshed the company's three-year 2017-20 strategic plan for 2018, including initiatives that ensure the company is sustainable in the future as we operate in a rapidly-changing ITS environment.

It also includes initiatives to improve operational efficiency and position our products and services as the foundations for effective transport management and mobility of the future. These new initiatives are underpinned by a renewed commitment to being customer focussed in all that we do, ensuring we meet and exceed expectations and importantly, that customers are pleased to do business with us.

It is Transmax's vision to be thought leaders who collaboratively partner with customers to deliver the next generation of transport management and we are embracing the opportunity to influence the future of transport management. We have a knowledgeable and expert team of 146 people committed to the highest standards of quality. Our aim is to take Transmax to the forefront of the ITS industry.

This report provides an overview of the company's performance in 2017-18 including key highlights from collaborative partnerships with our customers.

In the coming financial year, we look forward to progressing work with the Colorado Department of Transportation (CDOT) with a trial of STREAMS Smart Motorways scheduled to be undertaken in 2019 on motorway I-25 in the USA.

We would like to acknowledge Cathy Ford, who left her position as Chair of the Transmax Board in June 2018. Cathy was a long-serving member of the Board having been appointed to the position of Chair in 2011. We thank Cathy for her outstanding commitment to Transmax and wish her all the best for the future.

We are pleased to inform you that 2019 marks the 50-year anniversary of the first ITS intersection on the Gold Coast, and we look forward to marking the occasion in the coming year.

Finally, we would like to extend our thanks to Transmax staff for their commitment to customers, and ensuring they receive consistently outstanding products and services that provide real and continuing value.



Mark Williamson

Mark Williamson
Managing Director, Transmax



Stephen Golding

Stephen Golding
Chair (Acting) and Non-Executive Director



Brisbane, Queensland | Bowen Hills

About Transmax



About Transmax



We place our customers at the centre of everything we do and work collaboratively to ensure our ITS solutions meet their needs.

Transmax is the solutions provider of the international award-winning Intelligent Transport Systems (ITS) platform STREAMS. We exist to improve people's lives by providing industry-leading transport solutions and help move millions of commuters around Australian road networks every day.

Transmax is an unlisted Australian company wholly owned by the Queensland Government Department of Transport and Main Roads. The company is registered under the *Corporations Act 2001*. Transmax's 100% shareholder is the Queensland Director-General for Transport and Main Roads.

As a government-controlled entity, Transmax supports other transport departments around Australia and internationally to achieve safer and more reliable road journeys for people in the communities they serve.

Transmax operates according to commercial principles including ASIC's OECD Principles of Corporate Governance and raises its own revenue.

We place our customers at the centre of everything we do and work collaboratively to ensure our ITS solutions meet their needs. Transmax offers customers systems engineering, software design and development, along with a range of consulting and support services throughout the entire ITS lifecycle, all delivered with customer service excellence.

With almost 50 years of ITS experience, we help our customers realise the community benefits of optimising transport networks by providing smarter, more sustainable ITS solutions.





Our Vision

We are thought leaders who collaboratively partner with our customers to deliver the next generation of transport management.



Mission

We exist to improve people's lives by providing industry-leading transport solutions that make their journeys safer and more reliable.



Our Values

1

CUSTOMER FOCUSSED

We place our customers at the centre of what we do, and help them realise and provide significant community and economic benefits through our products and services.

We are easy to do business with and considered a partner of choice to our customers.

We deliver on our promises.

2 COLLABORATIVE

We collaborate with and across our customer base to deliver solutions that benefit entire communities.

Macro collaboration – coordination between local, state and national jurisdictions and road agencies, as well as ITS industry peak bodies and research centres.

Micro collaboration – coordination between road operators, infrastructure project managers, city planners, transport service providers and ITS solutions providers.

3 INNOVATIVE

We strive to be a thought leader within the ITS industry, delivering innovative products and services.

Maintain the entrepreneurial mindset that drives what we develop and deliver to achieve exceptional outcomes for customers.

Push the boundaries of conventional ITS platforms and solutions to drive better outcomes.

4 CAPABLE

We are committed to providing high quality, fit-for-purpose solutions to our customers.

Well-established reputation as an experienced, leading provider of ITS solutions.

We constantly challenge ourselves to exceed our customers' expectations by delivering high quality solutions that provide real and ongoing value.

5 COMMERCIALLY FOCUSED

Create competitive advantage through the entrepreneurial mindset that drives our people.

We provide value-for-money solutions to our customers.

The needs of our customers are at the centre of what we do and our commercial success is driven by this focus.



Performance highlights

Our performance

During the 2017-18 financial year, Transmax:



Achieved record revenue



19%

revenue growth
over 2016-17



100%

revenue growth
over 2015-16



Finalised the Unified STREAMS Programme (USP)

combining all the enhancements made across Australia in the last six years into a single product branch



Worked on more than

20 major customer projects



involving

32,000
hours of work



Delivered largest ITS design

project to date on the Pacific Motorway-Mudgeeraba to Varsity Lakes widening, with 110 detailed design drawings created.



Completed delivery
Largest-ever ITS programme of work
to support the CityLink Tulla Widening Project in Victoria



CAVI* Proof
of Concept
SUCCESSFULLY COMPLETED



2,149

EVP-equipped**
intersections across
Queensland with
180 additional sites
planned in 2018-19

* The Cooperative and Automated Vehicle Initiative (CAVI) will be delivered by the Queensland Department of Transport and Main Roads to help prepare for the arrival of new vehicle technologies with safety, mobility and environmental benefits on Queensland roads.



Planning for the
STREAMS Strategic, Operational and Improvements Group (SOIG) 2018

75 customer and industry representatives registered



3 major R&D projects progressed

Vision 360

STREAMS[®] Web Edition

gateway STREAMS



Development of a
PRODUCT STRATEGY & ROADMAP for

TRANSMAX

Hours spent on professional
DEVELOPMENT AND TRAINING



increased by
113% per employee

31

PEOPLE employed



total of

146

staff at year end

TRADE SHOW ATTENDANCE:

OCTOBER 2017

MARCH 2018



ITS WORLD CONGRESS 2017
Montréal | OCTOBER 29 - NOVEMBER 2

Intertraffic
AMSTERDAM

8 people



gained employment from the Graduate Program in 2017-18



Revenue
Profit before tax

\$22.3 million

\$1,074,475



** Emergency Vehicle Priority (EVP) enables traffic signals to turn green in a safe and controlled environment ahead of an emergency vehicle's arrival at an intersection. This enables emergency vehicles to safely reach their destination up to 26% faster. EVP was developed in partnership with the Department of Transport and Main Roads and the Public Safety Business Agency.



Denver Colorado, USA | Aerial view of traffic on highway I25

STREAMS[®] update

STREAMS[®] update



Through the company's world-class ITS platform STREAMS, Transmax is delivering significant benefits to road agencies, motorists and the broader community through the ability to meet their ITS needs in a single, integrated and sophisticated platform.

Transmax supports customers to maximise the performance of their road networks by providing smarter, more sustainable ITS solutions. As a proven ITS integration platform, STREAMS is a key enabling technology in unifying and orchestrating these solutions.

The unique software architecture provides a complete, integrated ITS platform supporting a comprehensive range of services and infrastructure, making it possible to manage traffic signalling, incident response, motorway management and other traffic services from a single system.

UNIFIED STREAMS PROGRAMME

Significant progress was made during the year to merge the STREAMS branches into a single product branch through the Unified STREAMS Programme (USP), which was completed and made available to all customers.

The consolidated STREAMS platform creates greater efficiencies for customers, is more cost effective and allows customers the opportunity to collaborate.

THE STREAMS ROADMAP

Over the coming years, the STREAMS roadmap involves:

- **A commitment to our domestic customers**
- **Exploring international opportunities**
- **Supporting Transport and Main Roads' next generation traffic signal controller**
- **Keeping our eye on future technologies.**

Transmax is positioning STREAMS to be a platform to solve the problems of the future and doing this working closely with strategic industry partners. The company acknowledges the importance of data to support our current and future needs, with STREAMS Gateway being the vehicle to provide this functionality.



 Adelaide, South Australia | North Terrace at sunset



Transmax customers

Transmax customers



Transmax provides STREAMS to road agencies and road operators across Australia.

In Australia, Transmax has customers in Queensland, South Australia, Victoria, Tasmania, Australian Capital Territory and Western Australia.

We place our customers at the centre of everything we do and work collaboratively with them to be their ITS supplier of choice.

Transmax offers customers systems engineering, software design and development, along with a range of consulting and support services throughout the entire ITS lifecycle.

Customers and communities are benefiting significantly from the use of STREAMS including reduced travel time and vehicle operating costs, improved safety, reduced operational costs, greater economic flow, reduced emissions, and the ability to accurately measure and compare performance of the road network.

CUSTOMERS INCLUDE:

Department of Transport and Main Roads
Queensland

Main Roads Western Australia (MRWA)
Western Australia

Roads ACT
Australian Capital Territory

VicRoads
Victoria

Department of Planning, Transport and Infrastructure (DPTI)
South Australia

Department of State Growth
Tasmania

Transurban
Queensland

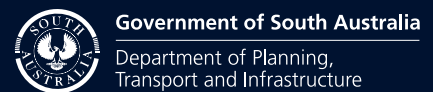
Brisbane City Council
Queensland

Various Queensland local councils

Nexus Delivery
Toowoomba Second Range Crossing

EXPANSION TO INTERNATIONAL MARKET (USA)

Internationally, Transmax entered a contract with the Colorado Department of Transport (CDOT) to conduct a trial of STREAMS Smart Motorways on motorway I-25 in the USA (SMART25 Trial), which will be undertaken in 2019 after civil works are complete.





Beautiful countryside in Canberra, ACT | Tuggeranong Pkwy

Operational performance

PROJECT HIGHLIGHTS 2017-18

Queensland



CUSTOMER

Department of Transport and Main Roads (TMR)

COMMONWEALTH GAMES

Transmax supported TMR's efforts with the Commonwealth Games by providing 24/7 on call technical support and undertaking daily system health checks during the event. STREAMS Gateway was used to enable situational awareness by providing real-time data to monitor, detect and report on the operation of the Gold Coast road network.

Network operators were ingesting real-time STREAMS Gateway data into an off-the-shelf Geographic Information System (GIS) package, together with data from a variety of sources. This information was used to update variable message signs, control STREAMS traffic lights, inform media and help coordinate public transport.

ONE NETWORK TRANCHE 2

This project - using STREAMS as an interface to create a single operator view of all ITS devices and systems - was progressed during the financial year. This project will help achieve greater operator and road network efficiencies.

COOPERATIVE AND AUTOMATED VEHICLE INITIATIVE (CAVI)

CAVI Proof of Concept successfully completed late-2017, with documentation delivered to TMR in January 2018. At the end of the financial year, Transmax was working with TMR's CAVI project delivery group to finalise requirements for Transmax's responsibilities for the pilot phase.

PACIFIC MOTORWAY M1 UPGRADE

Transmax delivered its largest ITS design project to date on the Pacific Motorway - Mudgeeraba to Varsity Lakes widening, for which some 110 detailed design drawings were created for the ITS package.

The Pacific Motorways M1 upgrade between Mudgeeraba and Varsity Lakes will reduce travel time and congestion, improve safety, and increase traffic flow. Interchange enhancements will improve access on and off the motorway.

NEXT GENERATION TRAFFIC SIGNAL CONTROLLER (NGTSC)

NGTSC is a project being run by TMR to evaluate and procure a new traffic signal controller for Queensland. Transmax began the development project to implement this integration into STREAMS in February 2018. Completion of this project will allow TMR to trial this controller connected to STREAMS.

CUSTOMER

Cairns Regional Council

During the year, Transmax provided traffic operations assistance to the Council including expert traffic signal engineering advice and STREAMS operations management. Transmax helped update the council's traffic signal coordination plans to ensure the city's road network continues to run smoothly. In addition, Transmax provided the council with advice on signal designs, road network performance and road layouts.

CUSTOMER

Mackay City Council

Transmax worked with the Mackay City Council during the year to optimise one of its corridors using Dynamic Plan Selection by Occupancy. This allows the corridor to respond to the prevailing traffic conditions and select the appropriate traffic signal timing plans created as part of the project. By undertaking this work, queuing that would regularly occur along the corridor has been removed, resulting in a more reliable and efficient journey for road users in Mackay. This was achieved by better utilising the potential of their STREAMS system.

Victoria



CUSTOMER

VicRoads

VicRoads programme achievements:

During the year, Transmax completed delivery of its largest ever ITS programme of work to support the CityLink Tulla Widening project (upgrade of CityLink from the West Gate Freeway to Melbourne Airport on the Tullamarine Freeway) in Melbourne, Victoria.

Transmax completed an ITS platform refresh for VicRoads. This work supported further road network extensions as well as new STREAMS product features.

Another project undertaken was delivering enhanced functionality to the centre-to-centre interface between the VicRoads STREAMS and Transurban DYNAC platforms. The interface improvements have improved real-time interoperability between both systems, ultimately improving traffic conditions for motorists.

South Australia

CUSTOMER

Department of Planning,
Transport and Infrastructure

O-BAHN

South Australia's O-Bahn City Access Project is a 670m guided busway extending the existing busway into the cross-city priority bus lanes. The busway has been tunnelled under parks and infrastructure to minimise impact and is monitored and controlled by a SCADA system. To allow traffic management centre operators to use STREAMS to manage this tunnel a shared control management system was proposed. STREAMS Simple Devices have been configured to communicate with the SCADA PLCs using the Modbus Protocol enabling integration into the STREAMS Workstation environment. STREAMS Schematics have been provided and new Custom Visuals included that allow



one touch on screen monitoring and control of systems and devices along the tunnel. Operators can monitor the environment, respond to incidents and open and close the tunnel from the STREAMS Workstation whilst allowing shared control from the SCADA system.

Western Australia

CUSTOMER

Main Roads
Western Australia

Programme achievements:

STREAMS USP 13.3 was successfully deployed in March 2018. The Unified STREAMS programme (USP) project has allowed MRWA to move from STREAMS version 12.16 to 13.3, providing access to new functionality. Transmax staff were on-site for a 10-day period to provide support to MRWA, for the execution of deployment activities for USP.

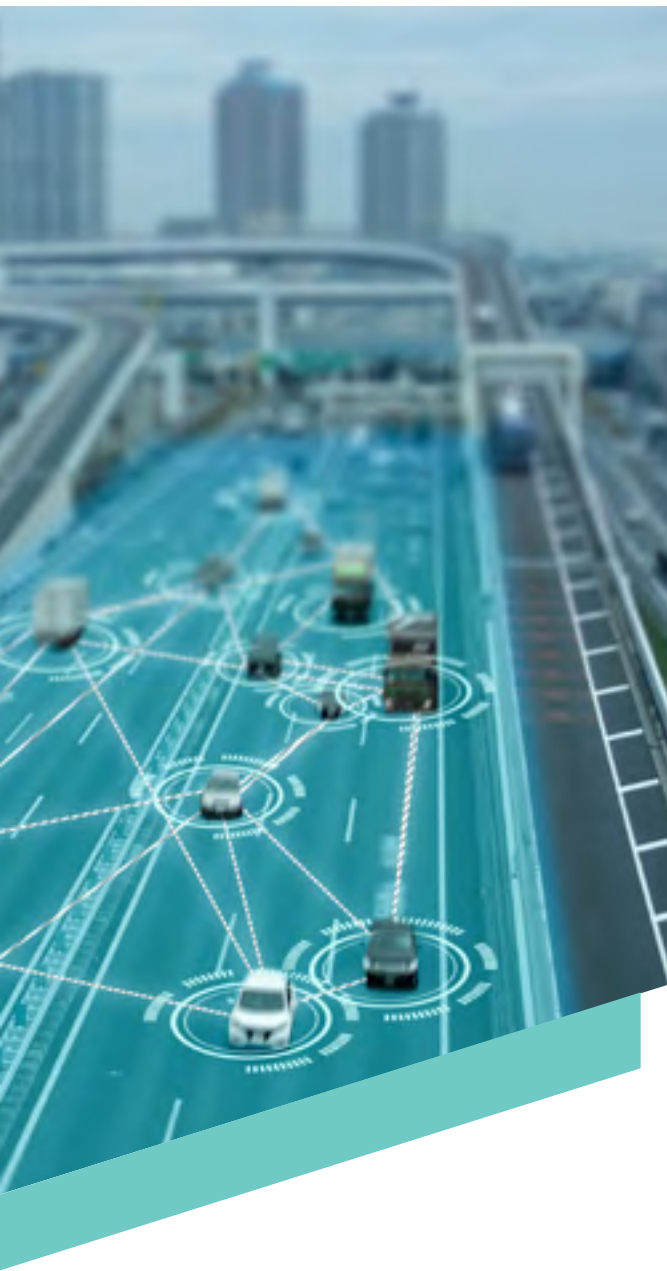
Another achievement during the year was increased software quality levels resulting in achieving a successful Release Factory Acceptance Test for STREAMS 13.3.

Electronic Speed Limit Sign (ESLS) investigation activities continue to apply improvements post-13.3.



Innovation and R&D

Innovation and R&D



To drive our strategic aim to be a thought leader within the ITS industry delivering innovative products and services, Transmax has been working on several development projects during the year to support safer and more efficient road networks.

STREAMS VISION 360

Transmax is working with researchers at University of Queensland on a product that will make people's road journeys both safer and more efficient by providing safety and network insights not previously possible. STREAMS Vision 360 is being developed as a unique ITS video analytics product that will use smart technology to proactively manage road safety. The aim of the product is to eliminate the conditions that lead to crashes before they occur to significantly reduce the number of intersection accidents. Transmax will keep customers informed of its progress.

STREAMS GATEWAY

During the year Transmax has been working with several customers to develop STREAMS Gateway. Gateway provides real time access to the live and historical data feeds collected by STREAMS. Access to this data gives customers high-level traffic insights into the traffic network and the ability to analyse the impact of incidents.

Throughout the Commonwealth Games on the Gold Coast, STREAMS Gateway was used to enable situational awareness by providing real time data to monitor, detect and report on the operation of the

Gold Coast road network. Network operators were ingesting the real time STREAMS Gateway data into an off-the-shelf GIS package, together with data from a variety of other data sources. This information was used to update variable message signs, control STREAMS traffic lights, inform media and help coordinate public transport.

 STREAMS[®] gateway



STREAMS Gateway will be available to customers in the 2018-19 financial year.

STREAMS WEB EDITION

Transmax is developing an additional user interface - STREAMS Web Edition - that will support customers who require network awareness, are interested in data discovery, or need access to data while in the field.

STREAMS Web Edition is being developed as a responsive web-based application that runs across all devices. Customers using Web Edition will be presented with a dashboard that gives them a real time overview of the traffic system.



Brisbane, Queensland | Pacific Motorway - Morning rush hour

An aerial photograph of a city landscape. In the background, a dense urban skyline with numerous skyscrapers is visible under a hazy sky. A multi-lane highway with several lanes of traffic runs diagonally across the middle of the frame. Below the highway, there are residential neighborhoods with houses and trees. In the foreground, a large green field with a winding path and some trees is visible. The overall scene is captured from a high angle, looking down on the city.

Our people

Our people



Our aim is to build a team of people with the right skills and expertise to deliver outstanding results for customers. During the financial year, we employed 31 new people and at the end of the financial year had an additional 16 employees overall. Many of these recruits were into high-level technical roles. At year-end, Transmax had 146 employees supporting the work we do for customers.

Our people worked on over 20 projects during 2017-18 covering software development, consulting, hardware and infrastructure upgrades, involving more than 32,000 hours of work.

EXECUTIVE TEAM

Transmax's executive management team is made up of highly experienced professionals fully committed to building and investing in our people to help us exceed customer expectations and make transport networks safer and more efficient.

Mark Williamson
David Apelt
Lynette Sperling
Dean McMurtrie
Peter Sedgley
Mark Johnson

Managing Director
Group Manager
Group Manager
Group Manager
Group Manager
Director

Products and Services, Chief Technology Officer
Organisational Excellence, Strategy and Marketing
Delivery and Support
Business Services, Chief Financial Officer
Consulting Services

TRAINING & DEVELOPMENT

Transmax is committed to investing in our people and ensuring employees engage with learning and development opportunities. This promotes a positive workplace and contributes to a culture of learning to enable employees to achieve outstanding results for our customers.

We had a record year for training and development, with an increase in investment in training of 83 per cent. Hours spent on professional development and training increased by 113 per cent per employee. This supports Transmax's goal of having a highly capable and agile workforce to deliver value to our customers.

During the year, our Strategic Leadership Team (SLT) participated in a leadership program designed to increase engagement and effectiveness of the SLT group, increase retention and ensure that Transmax has a strong bench of leadership capability to address future leadership gaps and business continuity. The program assisted leaders in fulfilling their people accountability, with respect to building organisational capability, to ensure the sustainability of Transmax.

In 2018-19, Transmax will focus on an emerging leadership development program that will see participants take part in the LEAD Program. The program is based upon neuroscience development to train and develop highly productive, emotionally intelligent leaders. The extensive program is conducted over the course of six months, that allows each participant the unique opportunity to build their emotional intelligence and leadership capability.

The program is developed around three core principles: know self, know others and know the organisation. Each participant of the program has regular one-on-one coaching sessions with the LEAD Program consultant to ensure their personal and professional growth at completion of the program.

Surveys will be conducted after completion of the program to gauge the success of the first program, which will dictate the delivery and selection of another LEAD program in 2019.

Our People

GRADUATE PROGRAM

Transmax's Graduate Program is designed to develop Transmax's future information technology and engineering experts. In addition to providing graduates with mentoring from ITS industry leaders, it equips them with the tools they need to build a successful and rewarding career.

There were eight people who gained employment from the company's graduate program in 2017-18.

Each of these graduates is currently completing rotations throughout the company to gain valuable knowledge pertaining to intricate workings of STREAMS and its supporting systems.

During the year we formalised a two-year Graduate Program for commencement in the 2018-19 financial year. Program participants will undertake a minimum of three rotations in different business units during the program.

GENDER DIVERSITY

In June 2018, Transmax lodged a report to the Workplace Gender Equality Agency that incorporated both a workplace profile and a reporting questionnaire structured around six

Gender Equality Indicators (GEIs). Transmax was deemed compliant but will take proactive steps in the coming year to support greater gender equality at Transmax.

AWARDS AND ACHIEVEMENTS

During the year, Chris Fullelove (Manager, STREAMS Arterials and Device Management) was awarded a Roads Australia Fellowship.

Mark Johnson (Director, Consulting Services) was awarded the IREE Neville Thiele Award for 2017, which recognises eminence in information, telecommunications and electronics engineering.

During the year we also held a long service awards ceremony, where the company was honoured to acknowledge employees who have been with Transmax for 5, 10, 15, 20, 25 and even 30 years. The 45 people who received an award have collectively worked 474 years at Transmax, highlighting the consistency we offer our customers, and affirming we are doing right by our people and ensuring Transmax is a workplace of choice.



Chris Fullelove



Mark Johnson



Long service award recipients with Transmax MD Mark Williamson

We thank our long service award recipients for their loyalty to our company and their steadfast commitment to colleagues, the ITS industry, and our road agency customers.





Financial Statements

Transmax Pty Ltd
ABN 59 099 487 573

GENERAL PURPOSE

Financial Statements

FOR YEAR ENDED 30 JUNE 2018

TABLE OF CONTENTS

DIRECTORS' REPORT	1
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN EQUITY	11
STATEMENT OF CASH FLOWS	12
NOTES TO THE FINANCIAL STATEMENTS.....	13
DIRECTORS' DECLARATION	27
INDEPENDENT AUDITOR'S REPORT	28

DIRECTORS' REPORT

The directors present their report together with the financial report of Transmax for the year ended 30 June 2018.

Directors

Catherine Ford (Chair – non-executive)

Catherine Ford was appointed as Chair of Transmax in September 2011. Ms. Ford is also Chief Digital Officer for eHealth Queensland, Queensland Health.

Catherine has a Graduate Diploma in Computing Science from Queensland University of Technology and was awarded a Bachelor of Science degree with first class honours from the University of Queensland. Her previous positions include Chief Operating Officer of McCormick Rankin Cagney (a specialist engineering firm) and Regional Director, Queensland for SMS Management & Technology. Catherine was previously a Director of Queensland Motorways, is past Chair of the Queensland Branch of the Australian Information Industry Association and is a member of the Australian Institute of Company Directors.

Catherine resigned from the Board of Transmax on 30 June 2018.

Mark Williamson (Managing Director)

Mark Williamson was appointed as a non-executive Director to the Board of Transmax in September 2011. Mr Williamson is an experienced director having held a number of non-executive roles over the past 20 years. Mark is an experienced senior executive with over 25 years' experience in a range of senior leadership roles, primarily in the Information Technology and Communication industry.

Mark is a member of the Australian Institute of Company Directors (AICD) and is a graduate of INSEAD Management Development Program.

Mark was appointed to the role of Managing Director of Transmax on 1 July 2015.

Stephen Golding (Non-executive Director)

Stephen Golding was appointed as a director of Transmax in September 2011. Mr. Golding had a long career with the Queensland Department of Main Roads. He joined as a scholarship holder in 1963 and retired in 2005 having been Director-General since 2000.

Stephen is active in four professional associations including an Honorary Fellow of the Institution of Engineers Australia. In addition to his role with Transmax, he is Director and Chair of Transport Certification Australia Ltd, Director of North Queensland Bulk Ports Corporation Ltd and board member of the Queensland Reconstruction Authority.

In a parallel career he enlisted as a private soldier in the Australian Army Reserve in 1963 and enjoyed continuous service until 1998 when he became inactive with the rank of major general, having been the senior Army Reserve Officer in the Australian Army. In 1998 he was appointed a Member of the Order of Australia.

Stephen is acting Chair (non-executive) from 1 July 2018 while a new Chair is formally appointed.

Amelia Hodge (Non-executive Director)

Amelia Hodge was appointed as a director of Transmax in September 2011. She currently serves on the board of Law Advisor and sits as Vice Chair of Artisan. Amelia is a former non-executive director of the Gladstone Area Water Board and a former member of the Great Artesian Basin Advisory Council on behalf of the Office for Women.

Amelia, currently CEO at the Australian Property Institute, has extensive senior management experience acquired across a range of private, public and local government sector organisations and large-scale infrastructure projects. Former executive career roles have included Chief Executive Officer of the Queensland Law Society and senior executive roles with Powerlink, Origin Energy and Coffey Commercial Advisory. Her experience leading and contributing to corporate business performance in management roles and as a non-executive director has seen her drive successful outcomes in managing organisational issues, risks and opportunities.

Amelia has completed the Harvard University Kennedy School of Government Infrastructure and the Market Economy Executive Program, the Melbourne Business School PPP programme and is a member of the Australian Institute of Company Directors and Women on Boards. Her qualifications include a Bachelor of Laws and Graduate Certificate in Property Economics.

Amelia Hodge resigned from the Board of Transmax on 13 December 2017.

Allan Krosch (Non-executive Director)

Allan Krosch was appointed as a director of Transmax in September 2011. Mr. Krosch worked for the Queensland Department of Transport and Main Roads for 42 years before leaving in July 2010 and has worked in the fields of construction, design, transport planning, traffic operations and management.

Allan has Masters Degrees in Civil Engineering and Business Administration, together with Bachelor degrees in Engineering and Economics. He is also a Fellow of Engineers Australia and a member of the Australian Institute of Company Directors.

Company Secretary

Peter Sedgley

Peter Sedgley has been Company Secretary since October 2010 and is Chief Financial Officer at Transmax. He holds a Bachelor of Science degree in Economics from the London School of Economics as well as a Masters of Business Administration. Peter is a member of the Institute of Chartered Accountants of England & Wales. Peter has more than 30 years' experience as a financial professional in information technology, the electricity industry, retail management and the accounting profession.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the company during the financial year are:

TABLE OF DIRECTORS' BOARD MEETINGS

Director	Board Meetings	
	A	B
C Ford (Chair)	11	11
S Golding	10	11
A Hodge	2	6
A Krosch	10	11
M Williamson	11	11

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year or was a member of a committee

TABLE OF DIRECTORS' SUB-COMMITTEE MEETINGS

Director	Risk and Audit Committee Meeting	
	A	B
A Hodge (Chair)*	1	2
A Krosch (Chair)**	4	4
M Williamson	4	4

A – Number of meeting attended

B – Number of meetings held during the time the director held office during the year or was a member of a committee

*Chair to 13 December 2017 ** Chair from 23 February 2018

Corporate Governance Statement

Transmax Pty Ltd (Transmax) was created because of the Queensland Government's recognition of the value created in its investment in the STREAMS Intelligent Transport System. In order for the value to be preserved and enhanced, it was necessary to develop a broader customer base. The government recognised that achieving long-run sustainability of the STREAMS system would ensure ongoing provision of skilled jobs.

This statement outlines the main corporate governance practices that were in place throughout the financial year.

Board of Directors

The Board is responsible for the overall corporate governance of Transmax including determining its strategic direction, establishing goals for management and monitoring the achievement of these goals. Where possible the Board follows a Charter and a Corporate Governance Framework. This framework was previously developed based on the 10 Principles of the ASX Corporate Governance Council.

Composition of the Board

The Chair and directors are appointed by the shareholder. The following persons held the Office of Director of the company during the financial year:

Catherine Ford - Chair
Mark Williamson - Managing Director
Stephen Golding - Non-Executive Director
Amelia Hodge - Non-Executive Director (to 13th December 2017)
Allan Krosch - Non-Executive Director

The directors provide a mix of strategic, financial, managerial and technical skills. The directors meet regularly throughout the year.

Details relating to all directors active during the financial year are set out in the Directors' Report.

Risk & Audit Committee

This committee was established in September 2013 as the Operations, Risk and Audit Committee, then replaced as the Risk and Audit Committee in November 2015. The committee aims to provide guidance and oversight of:

- corporate governance,
- internal control structures,
- risk management; and
- internal and external audit functions.

Committee members include:

- Amelia Hodge (Chair to 13 December 2017) – independent non-executive
- Allan Krosch (Chair from 23 February 2018) – independent non-executive (member to 22 February 2018)
- Managing Director
- Chief Financial Officer
- Group Manager, Organisational Excellence, Strategy and Marketing

The Chair, external auditors and other company officers are invited to these meetings at the discretion of the committee. The committee meets quarterly unless otherwise required. The committee members' attendance record is disclosed in the Table of Directors' Sub-Committee Meetings on page 3.

Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

To assist in discharging this responsibility, the Board has instigated a business planning and budget development process, resulting in an annual budget which is reviewed and approved by the directors. Monthly actual results are reported against budget and Transmax's overall performance is monitored by the Board. As stated previously, the Risk & Audit Committee was established to assist this process.

The role of the shareholder

The Board of Directors aims to ensure that the shareholder of Transmax, the Director-General of the Queensland Department of Transport and Main Roads, who is shareholder on behalf of the State of Queensland, is informed of all major developments affecting Transmax's state of affairs.

Independent professional advice and access to company information

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the Chair, may seek independent professional advice at Transmax's expense. A copy of advice received by the director should be made available to all other members of the Board.

Directors' interests and benefits

No directors received or became entitled to receive any benefit as a result of a contract made by the company with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial financial interest.

All directors' payments are included within the key personnel note 23.

Indemnification and insurance of directors and officers

During the year Transmax Pty Ltd paid a premium of \$10,610 to insure the directors, secretary, and officers of the company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities from conduct involving a wilful breach of duty by the officers or the improper use of their position or of information to gain advantage for themselves, or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other possibilities.

Directors' special responsibilities

Directors undertake many special responsibilities with respect to the company other than the collective corporate responsibilities attributed to the Board of Directors as a whole, as outlined in Transmax's Corporate Governance Manual. These include the involvement of directors in the Risk & Audit Committee and the Business Development Committee.

Principal activities

The principal activities of Transmax are the development, support, and distribution of the 'STREAMS' Intelligent Transport System and related services.

There have been no significant changes in the nature of those activities during the year.

Dividends

Dividends have not been declared or paid for the year ended 30 June 2018.

Significant changes to the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs that occurred during the financial year under review.

Corporate structure

Transmax Pty Ltd is a private company, limited by shares, incorporated, and operating in Queensland Australia. Transmax is 100% owned by the Queensland Department of Transport and Main Roads (TMR). The Director-General, TMR is the sole shareholder.

Review of operations

The profit before income tax for the financial year was \$1,074,475 (2016-17 profit was \$1,439,157).

Annual revenue of \$22.3m increased by approximately 19.1% mainly due to an increase in engineering and software services and equipment revenue.

General

Staff and contractor numbers have increased over the period, with a total full-time equivalent of 140 at 30 June 2018.

Taxation

Transmax is subject to the National Taxation Equivalents Regime (NTER).

Events subsequent to financial position date

Catherine Ford resigned from the Transmax Board effective 30 June 2018. Stephen Golding is acting Chair from 1 July 2018 while a new Chair is formally appointed.

Likely developments

Transmax will increase its focus on establishing an increased STREAMS presence in domestic markets and developing new products and services. This will be crucial to achieving the growth required to underpin further development of the STREAMS product.

Environmental regulation

The company is not subject to any significant environmental regulation in respect to its principal activities.

Going concern basis

This report is made in accordance with a resolution of the directors. In forming the opinion that there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due, the directors have reviewed the statement of comprehensive income, statement of financial position, and statement of cash flows presented in this document. These have been prepared on the basis that Transmax is a going concern.

Risk management

The company, in carrying out its business, maintains a risk management philosophy that appropriately:

- protects the wellbeing of the company's workforce, the wider community in which it operates; and
- manages threats that could adversely impact on the company's ability to meet its corporate objectives, its growth in shareholder value and its stewardship of company assets.

Proceedings on behalf of the company

There are no instances where a person has applied for leave of the court and or has brought or intervened in proceedings on behalf of the company.

Auditor independence

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is included following the Directors' Report.

Signed in accordance with a resolution of the directors.



Stephen Golding
Acting Chair



Date



Mark Williamson
Managing Director



Date

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Transmax Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Transmax Pty Ltd for the financial year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



26 October 2018

Vaughan Stemmett
As delegate of the Auditor-General

Queensland Audit Office
Brisbane

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2018

	Notes	2018	2017
		\$	\$
Continuing Operations			
Revenue	2	22,337,561	18,753,196
Cost of sales	3	(10,566,976)	(7,718,149)
Gross profit		11,770,585	11,035,047
Other income	4	162,608	134,993
Depreciation	13	(394,354)	(358,000)
Amortisation	14	(887,944)	(510,431)
Intangible assets write off	14	(10,402)	(531,465)
Other assets write off	13	(57)	-
Research expenses	5	(491,299)	(246,430)
Sales and marketing expenses	6	(1,925,508)	(1,971,634)
Administration expenses	7	(7,106,668)	(6,067,954)
Other expenses	9	(34,607)	(40,229)
Finance costs		(7,879)	(4,740)
Profit (loss) before income tax		1,074,475	1,439,157
Income tax (expense)/benefit	10	(97,838)	(403,321)
Total profit/(loss) for the year		976,637	1,035,837
Profits attributable to owners of the company		976,637	1,035,837

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	2018	2017
		\$	\$
Assets			
Cash and cash equivalents		4,375,120	2,793,582
Trade and other receivables	11	2,789,344	1,362,470
Work in progress	12	1,933,948	4,242,810
Prepayments		222,826	232,798
Inventories		304,067	242,178
Total current assets		9,625,305	8,873,837
Deferred tax assets	10(d)	902,284	598,645
Plant and equipment	13	815,991	813,530
Intangible assets	14	4,516,003	3,973,541
Total non-current assets		6,234,278	5,385,716
Total assets		15,859,583	14,259,553
Liabilities			
Trade and other payables	15	842,146	780,946
Accrued employee benefits	16	2,472,966	1,885,871
Current tax liabilities	10(f)	211,800	825,993
Unearned revenue	1(c)	289,119	346,665
Lease incentive liability		55,400	55,477
Total current liabilities		3,871,431	3,894,952
Accrued employee benefits	16	54,396	173,070
Unearned revenue	1(c)	316,153	209,604
Lease incentive liability		416,302	436,409
Deferred tax liability	10(e)	1,071,627	392,480
Total non-current liabilities		1,858,478	1,211,563
Total liabilities		5,729,909	5,106,516
Net assets		10,129,674	9,153,037
Equity			
Contributed equity	17	601,062	601,062
Retained profits	18	9,528,612	8,551,975
Total equity		10,129,674	9,153,037

The statement of financial position is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2018

	Notes	Retained Profits		Contributed Equity	
		2018	2017	2018	2017
		\$	\$	\$	\$
Balance at 1 July		8,551,975	7,516,138	601,062	601,062
Total comprehensive income		976,637	1,035,837	-	-
Profit/(loss) for the year					
Balance at 30 June		9,528,612	8,551,975	601,062	601,062

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		25,375,456	14,897,151
Payments to suppliers and employees (inclusive of GST)		(22,207,264)	(13,062,865)
Interest received		46,612	33,457
Grant received		115,793	101,536
Income tax paid		88,621	-
Net cash flow used in operating activities	26	3,419,218	1,969,279
Cash flows from investing activities			
Payments for plant and equipment		(396,871)	(371,984)
Proceeds from sale of plant and equipment		-	-
Payments for trademarks		-	(228)
Payments for Intangibles		(1,440,809)	(1,284,782)
Net cash used in investing activities		(1,837,680)	(1,656,994)
Cash flows from financing activities			
		-	-
Net increase (decrease) in cash and cash equivalents		1,581,538	312,285
Cash and cash equivalents at 1 July		2,793,582	2,481,298
Cash and cash equivalents at 30 June		4,375,120	2,793,583

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

1. Statement of significant accounting policies

The financial report covers Transmax Pty Ltd as an individual entity. Transmax Pty Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of this report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared both in accordance with Australian Accounting Standards, Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

The financial statements have been prepared on a going concern basis, which assumes Transmax will be able to pay its debts as and when they fall due. Transmax has recognised a net profit after tax of \$976,637 for the year ended 30 June 2018. As at this date, current assets exceeded current liabilities by \$5,753,875. In addition, Transmax has a budgeted profit and positive cash flow forecast for the 2018-19 year.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied as necessary.

(b) Income tax

Under the financial position approach, income tax on the statement of comprehensive income for the year comprises current and deferred taxes. Income tax will be recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it will be recognised in the statement of changes in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax liability is provided in full using the financial position liability method, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Current and deferred tax balances attributable to amounts recognised directly in equity are recognised directly in equity. A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

The company is beneficially owned by the State of Queensland and has been subject to the National Taxation Equivalents Regime (NTER) from 1 July 2003. The liability to taxation under the NTER is calculated substantially on the basis of the *Income Tax Assessment Act 1936* (as amended) and the *Income Tax Assessment Act 1997* (ITAA). Accordingly, the company is exempt from Federal taxation pursuant to Section 24AM of the ITAA.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net returns, trade allowances, rebates, and amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenue for the major business activities as follows:

- Engineering and software services revenue is recognised in proportion to the stage of completion, or with the achievement of contract milestones. The stage of completion is determined by the percentage of completion method on each of the contracted stages. Transmax software assurance revenue is spread over the period of the assurance.
- Equipment revenue is recognised at the point of supply or at the completion of commissioning.
- Third party licence revenue is recognised at the point of supply of the licence. Software assurance revenue and costs on third party licence sales is deferred over the period of the assurance.
- Infrastructure services are the amounts billed for the supply of network management and ongoing communications services. Revenue is recognised on per-month-used basis or per the individual agreement/contract conditions.
- Interest income is recognised on a time proportion basis using the effective interest method.

Unearned revenue is made up of the following three components:

- Time and material projects: When amounts billed to a customer are more than the retail hours worked it is included in unearned revenue.
- Fixed price projects: When the amounts billed to a customer is more than the earned value to date, the difference is taken to unearned revenue.
- Unearned grant income: The value of grant income related to research and development expenses capitalised.

(d) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand and cash at bank and short-term deposits at call, net of outstanding bank overdrafts.

(e) Plant and equipment

Acquisition of assets

Items of plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Items of recognition

Plant and equipment are stated at cost less accumulated depreciation and impairment.

Depreciation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives.

Depreciation rate methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciable amount of improvements to the leasehold building is allocated over the estimated useful life of the improvements or the unexpired period of the lease, whichever is shorter. The unexpired period of the lease includes any option period where the exercise of the option is probable. The residual value of all plant and equipment is zero.

For each class of depreciable plant and equipment the following periods are used as the estimated useful life:

<i>Class</i>	<i>Useful life</i>
Plant and equipment	2 - 10 years
Leasehold improvements	7 years

(f) Impairment of assets

Intangible assets and plant and equipment are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Work in progress (WIP) for fixed price projects is calculated as revenue taken less billed to date. Revenue taken is calculated based on percentage of completion of the contract value. Cost to completion is reforecast monthly. Fixed price and time and material WIP is reviewed monthly for impairment. WIP includes a provision for potential under recovery.

(g) Intangible assets

Trademarks

Transmax has trademarks in both Australia and internationally. There are still some trademarks awaiting approval. The fees for these have been capitalised as management believe there is probable future economic benefit attributable to trademarks. The approved trademarks have been amortised throughout the year.

Internally-developed software

Expenditure on research phase of projects to develop new customised software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the recognition requirements as per AASB 138 *Intangible Assets*.

The cost of an internally-generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

In accordance with AASB 138 *Intangible Assets*, and due to the lack of an active market, the ITS Platform STREAMS and ITS solutions cannot be measured at fair value and are instead measured at cost. Accordingly, Transmax does not qualify to adopt the revaluation model for the subsequent measurement of the ITS Platform STREAMS.

Amortisation

All intangible assets have limited useful lives and are amortised using the straight line method over their estimated useful lives. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of all intangible assets is zero.

For each class of intangible assets the following periods are used as the estimated useful life:

<i>Intangible asset</i>	<i>Useful life</i>
Trademarks	10 years
Internally-developed software	7 years
Other intangibles - software	2-5 years

Intangible assets are assessed on a regular basis and written off if they no longer satisfy the definition of an intangible asset as per AASB 138.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at cost less provision for doubtful debts. Trade receivables (normally settled within 60 days) are carried at amounts due.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Any impairment loss is recognised in the statement of comprehensive income in other expenses.

(i) Inventories

Raw materials and stores, work in progress and finished goods are valued at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the weighted average cost formula and include expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company. Trade creditors are normally settled within 30 days.

(k) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Incentives received on entering into operating leases are recognised as liabilities. Amortisation of lease liabilities are allocated between rental expense and reduction of the liability.

The lease incentive has been recognised in the financial statements as a liability consistent with the treatment mandated by AASB Interpretation 115 *Operating Leases* and AASB 117 *Leases*. The lease incentive liability is amortised on a straight line basis over the lease term inclusive of options to extend the lease term and reduce the rent expense by the corresponding amount.

(l) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO, is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

(m) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(n) Employee benefits

Provision is made for the Transmax liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(o) Wages and contractors' expenses

The total cost of wages and contractors' expenses are allocated to their specific cost categories based upon the type of projects being undertaken. As such, it is possible to allocate the cost of time for all employees to specific projects. These costs are included in the financial reports under the headings of 'Cost of sales', 'Research expenses', 'Sales and marketing expenses' and 'Administration expenses' in the Statement of Comprehensive Income. The retail value of the hours worked but not billed are included in 'Work in progress'.

(p) Work in progress

Work in progress is made up of the following two components:

- *Time and material projects*: The retail value of the hours worked but not billed is included in work in progress.
- *Fixed price projects*: When the amount billed to a customer is less than the earned value to date, the difference is taken to work in progress.

(q) Rounding of amounts

The financial report is presented in Australian Dollars and the company is of a kind referred to in ASIC legislative instrument 2016/191. Amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.

(r) New accounting standards and interpretations

A number of new accounting standards, amendments and interpretations have been published that are both mandatory and not mandatory for 30 June 2018 reporting period:

- AASB 15 *Revenue from Contracts with Customers* was effective from 1 January 2018. The standard establishes a framework for determining whether, how much, and when revenue is recognised. The adoption of this standard is not expected to have a material impact on the company's financial statements.
- AASB 16 *Leases* is effective from 1 January 2019. The standard changes the way Lessees account for leases. It requires the Lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

(s) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity.

- The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.
- Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:
 - Plant and equipment – Note 1(e);
 - Intangible assets – Note 1(g);
 - Contingent liabilities – Note 20;
 - Depreciation and amortisation – Note 1(e), Note 1(g), Note 13 and Note 14;
 - Accrued employee benefits – Note 1(n) and Note 16; and
 - Accounts receivable – Note 1(h) and Note 11.

	2018 \$	2017 \$
2. Revenue		
<i>Operating activities:</i>		
Engineering and software services	18,147,293	16,080,371
Equipment and licence revenue	3,653,805	2,425,228
Infrastructure services	534,029	247,205
	<u>22,335,127</u>	<u>18,752,804</u>
<i>Other revenues:</i>		
Foreign currency gain (loss)	2,434	392
Total	<u>22,337,561</u>	<u>18,753,196</u>
3. Cost of sales		
Engineering and software services	7,806,360	6,103,419
Equipment and licence costs	2,563,598	1,507,991
Infrastructure services	197,018	106,740
Total	<u>10,566,976</u>	<u>7,718,149</u>
4. Other income		
Interest income	46,815	33,457
Grant income	115,793	101,536
Total	<u>162,608</u>	<u>134,993</u>
5. Research expenses		
Research labour	491,443	246,287
Research software	(144)	144
Total	<u>491,299</u>	<u>246,430</u>
6. Sales and marketing expenses		
Staff costs	1,608,196	1,673,884
Conference and trade shows	108,100	189,461
Marketing and advertising	114,113	102,297
Travel	71,099	2,857
Consultants	24,000	3,135
Total	<u>1,925,508</u>	<u>1,971,634</u>
7. Administration expenses		
Property and tenancy expenses	1,123,602	1,004,310
HR labour and expenses	1,786,124	1,460,583
IT labour and expenses	822,258	838,986
Administration labour and expenses	3,374,684	2,764,076
Total	<u>7,106,668</u>	<u>6,067,954</u>

	2018 \$	2017 \$
8. Labour expenses		
<i>The following labour costs have been absorbed in cost of sales, research and development, sale and marketing and administration expenses.</i>		
Wages and salaries	11,968,077	9,318,335
Superannuation	1,392,706	1,167,697
Payroll tax	702,853	578,741
Workers compensation	28,986	26,597
Fringe benefit tax	34,848	17,763
Contractor labour	15,192	140,464
Redundancy expenses	-	-
Total	14,142,662	11,249,597
Employees (full-time equivalents)	140	118

9. Other expenses

Bad debts expense	3,657	-
Audit fees ¹	28,700	29,500
Accounting and tax fees	1,350	10,503
Sundry expenses	900	226
Total	34,607	40,229

¹ External audit fees to Queensland Audit Office

10. Income tax expense/(benefit)

(a) Income tax expense/(benefit)

Current tax expense	322,342	403,511
Deferred tax expense/(benefit) relating to origination and reversal of temporary differences	-	(190)
Total income tax expense/(benefit) attributable to profit	322,342	403,321

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

Profit/(Loss) from continuing operations before income tax expense	1,074,475	1,439,157
Tax at the rate of 30%	322,342	431,747
Tax effect amounts which are not deductible (taxable) in calculating taxable income	-	-
Research & development	(34,738)	(30,461)
Non-deductible expenses	21,731	2,035
Tax adjustments for prior periods	(211,497)	-
Income tax expense/(benefit)	97,838	403,321

	2018 \$	2017 \$
(c) Deferred tax equivalent expense/(benefit) included in income tax equivalent expense comprises:		
Deferred tax assets opening balance	598,645	905,690
Increase/(decrease) in deferred tax assets	303,639	115,438
Adjustment relating to prior year	-	(422,483)
Deferred tax assets at 30 June	902,284	598,645
Deferred tax liability opening balance	392,480	699,714
(Increase)/decrease in deferred tax liability – Intellectual Property	679,147	(307,234)
Adjustment relating to prior year – Intellectual Property	-	-
Deferred tax liability at 30 June – Intellectual Property	1,071,627	392,480
(d) Proof of deferred tax assets		
Property, plant and equipment	-	(81,750)
Trademarks	9,158	6,586
Employee benefits	449,177	335,157
Accrued expenses & provisions	443,949	338,652
Tax value of loss carry-forwards recognised	-	-
Net deferred tax assets at 30 June	902,284	598,645
(e) Proof of deferred tax liabilities		
Property, plant and equipment	65,757	-
Work in progress	580,183	-
Intellectual property	425,687	392,480
Net deferred tax liabilities at 30 June	1,071,627	392,480
(f) Reconciliation of current tax liability/(asset)		
Opening balance	825,993	-
Payments in current year relating to prior year	(88,621)	-
Refunds in the current year relating to the prior year	-	633,723
Current year instalments	-	-
Under/(Over) provision for tax in prior year	(737,372)	(633,723)
Provision for tax for current year	211,800	825,993
Closing balance	211,800	825,993

11. Trade and other receivables

Trade receivables	2,789,141	1,379,776
Less: Allowance for impairment loss	-	(17,306)
Net trade receivable	2,789,141	1,362,470
Accrued revenue	203	-
Total	2,789,344	1,362,470

	2018 \$	2017 \$
12. Work in progress analysis		
Time and material projects	117,104	137,662
Fixed price projects	1,816,844	4,105,148
Total WIP	1,933,948	4,242,810

13. Plant and equipment

Plant and equipment at cost	2,712,514	2,725,900
Less: Accumulated depreciation	(1,896,523)	(1,912,370)
Net book amount	815,991	813,530

Reconciliation

The reconciliation of the carrying amount for plant and equipment is set out below:

Opening net book amount	813,530	858,845
Additions	396,872	312,684
Disposals	(57)	-
Depreciation charge	(394,354)	(358,000)
Closing net book amount	815,991	813,530

14. Intangible assets

Trademarks at cost	71,442	71,442
Less: Accumulated amortisation	(23,774)	(14,844)
Net book amount	47,668	56,598

Reconciliation

The reconciliation of the carrying amount for trademarks is set out below:

Opening net book amount	56,598	61,799
Additions	-	228
Write off	-	-
Amortisation charge	(8,930)	(5,429)
Closing net book amount	47,668	56,598

Other intangible assets at cost	108,302	59,300
Less: Accumulated amortisation	(56,296)	(12,354)
Net book amount	52,006	46,946

Reconciliation

The reconciliation of the carrying amount for trademarks is set out below:

Opening net book amount	46,946	-
Additions	49,002	59,300

	2018 \$	2017 \$
Amortisation charge	(43,942)	(12,354)
Closing net book amount	52,006	46,946

Internally developed software at cost	7,155,478	5,793,950
Less: Accumulated amortisation	(2,739,149)	(1,923,953)
Net book amount	4,416,329	3,869,997

Reconciliation

The reconciliation of the carrying amount for internally developed software is set out below:

Opening net book amount	3,869,997	3,609,328
Additions	1,391,807	1,284,782
Write off	(10,402)	(510,431)
Amortisation charge	(835,072)	(513,682)
Closing net book amount	4,416,329	3,869,997

15. Trade and other payables

Trade payables	448,711	557,489
Accrued expenses	24,255	13,600
GST payable	310,151	155,970
Payroll tax payable	-	155
Other payables	59,029	53,732
Total	842,146	780,946

16. Accrued employee benefits

Current

Accrued employee benefits	2,044,852	1,636,056
Wages and salaries	428,114	249,816
Total	2,472,966	1,885,871

Non-current

Accrued employee benefits	54,396	173,070
Total	54,396	173,070

17. Contributed equity

Ordinary shares - issued and fully paid	601,061	601,061
Special (control) shares - issued fully paid	1	1
Total contributed equity	601,062	601,062

There were no shares issued in the 2017 and 2018 financial years.

	2018 \$	2017 \$
18. Retained profits		
Retained profits at beginning of year	8,551,975	7,516,138
Net profit	976,637	1,035,837
Retain profits at end of year	9,528,612	8,551,975

19. Financial risk management

(a) Risk management of objectives and policies

The company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk and interest rate risk. The company's management, in close cooperation with the Board of Directors, focuses to ensure the short to medium-term cash flows are secured by minimising the exposure to financially risky activities. The most significant financial risks applicable to the company are described below.

(b) Credit risk exposure

Credit risk exposure represents the extent of credit related losses that the entity may be subject to on amounts to be exchanged under trade debtors and loans and advances from financial assets.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any allowance for impairments as indicated in the statement of financial position.

(c) Interest Rate Risk	2018 \$	2017 \$
Financial Assets		
Cash at bank	4,375,120	2,793,582
Interest rate	0.5%-2.0%	0.5%-2.5%

(d) Fair value measurements

Financial assets and liabilities are as follows:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

The carrying amounts of these financials assets and liabilities are considered to be a reasonable approximation of fair value.

20. Contingent liabilities

There are no contingent liabilities.

21. Commitments

In August 2015, Transmax moved offices to 143 Coronation Drive, Milton, QLD, 4064. It is a seven year lease. The future minimum lease payments at the end of each reporting period under review are as follows:

Office building lease	2018 \$	2017 \$
Within one year	727,406	781,639
Later than 1 year but not greater than 5 years	2,488,321	3,144,907
Later than 5 years	-	70,820
	3,215,727	3,997,366

22. Economic dependency

The company is dependent on Queensland Department of Transport and Main Roads for the majority of its revenue used to operate its activity. At the date of this report, the company has no reason to believe the dependence is at risk or likely to change significantly.

23. Key management personnel disclosures

Stephen Golding, Amelia Hodge (to 13 December 2017) and Allan Krosch were paid as directors of Transmax. Mark Williamson was paid as Managing Director of Transmax.

	2018 \$	2017 \$
Key management personnel compensation		
Short-term employee benefits	390,430	377,200
Post-employment benefits	27,552	28,059

24. Subsequent events

There have been no events subsequent to the financial position date.

25. Related party transactions

As at 30 June 2018, financial statement items included the following amounts in relation to Queensland Department of Transport and Main Roads (the parent entity):

	2018 \$	2017 \$
Sale and purchase transactions		
Sale of goods and services (exclusive of GST)	12,260,144	8,201,427
Outstanding balances arising from sales/purchases of goods and services		
Amounts receivable from related parties	1,484,324	510,519
Equity		
Contributed equity	601,062	601,062

26. Reconciliation of profit after income tax to net cash used in operating activities

	2018 \$	2017 \$
Profit/(loss) after income tax	976,637	1,035,837
Add adjustments for:		
Depreciation and amortisation	1,282,298	868,431
Loss on disposal of assets	57	-
Write-off intangible assets	10,402	531,465
	2,269,394	2,435,732
Decrease / (Increase) in work in progress	2,308,862	(2,801,837)
Decrease / (Increase) in prepayments	9,971	45,079
Decrease / (Increase) in trade and other receivables	(1,426,874)	(141,619)
Decrease / (Increase) in inventories	(61,889)	(26,848)
Decrease / (Increase) in deferred tax assets	(303,639)	307,044
(Decrease) / Increase in trade and other payables	61,200	236,868
(Decrease) / Increase in accrued employee benefits	468,421	979,642
(Decrease) / Increase in deferred tax liabilities	679,147	(307,234)
(Decrease) / Increase in unearned revenue	49,002	400,664
(Decrease) / Increase in lease incentive liability	(20,184)	15,795
(Decrease) / Increase in current tax liability	(614,193)	825,993
Net cash used in operating activities	3,419,218	1,969,279

27. Company details

The business address and registered office of Transmax Pty Ltd is:
143 Coronation Drive, Milton, QLD, 4064, Australia

DIRECTORS' DECLARATION

In the opinion of the directors of Transmax Pty Ltd:

(a) The financial statements and notes set out on pages 9 to 26 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the company as at 30 June 2018 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date

(ii) complying with Accounting Standards in Australia, the *Corporations Regulations 2001*, other mandatory professional reporting requirements

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.


Stephen Golding
Acting Chair

26/10/18
Date


Mark Williamson
Managing Director

26/10/18
Date

INDEPENDENT AUDITOR'S REPORT

To the Members of Transmax Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Transmax Pty Ltd (the company)

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.
- Conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

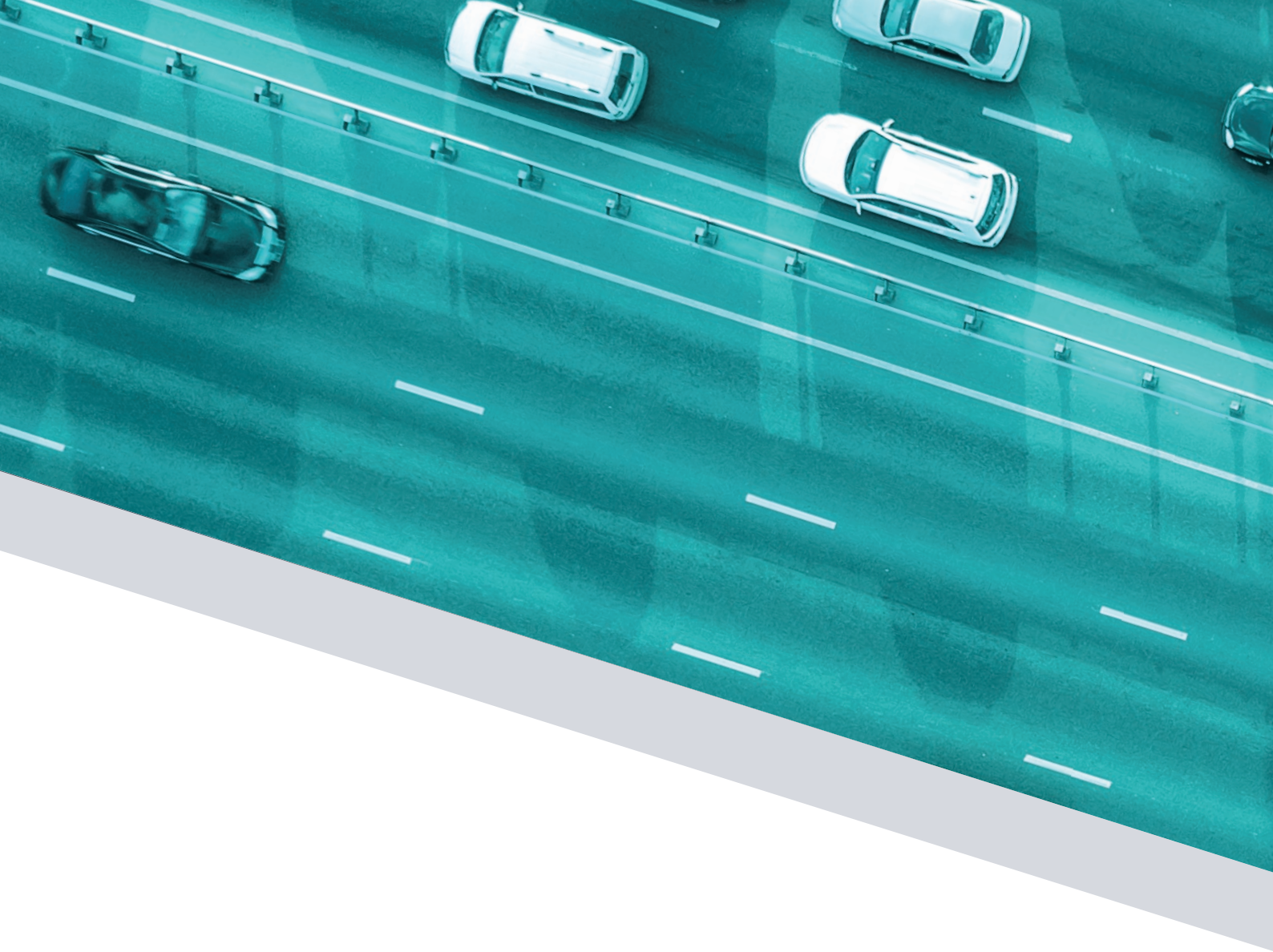
I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Vaughan Stemmett
as delegate of the Auditor-General

26 October 2018

Queensland Audit Office
Brisbane



+ 61 7 3355 8700

info@transmax.com.au

Transmax Pty Ltd
Level 5 / 143 Coronation Dve
Milton QLD 4064 Australia

www.transmax.com.au