

 **TRANSMAX**

Annual Report

2018-2019

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Chair and CEO report

As we reflect on the 2018-2019 financial year, we acknowledge the challenging year it was for Transmax. The company is operating in a rapidly-changing Intelligent Transport Systems (ITS) industry and whilst we recognise recent challenges, we are open and ready to embrace the opportunities that lie ahead in this exciting industry.

Transmax is resilient. At its heart, the company has a passionate leadership team and a group of dedicated people – our greatest strength – who are determined to inspire and support customers to successfully deliver the future of transportation.

Transmax made a number of decisions during the year to lay the foundation for a strategically sound and sustainable future. In February 2019, Transmax announced the appointment of a new Board of Directors who are motivated to provide strategic guidance to a company operating in an ever-changing mobility and ITS landscape. The Board is working with the company's recently revised senior leadership team on the "big picture" and creating innovative

change for long-term benefit. This mindset will drive the evolution of our core product STREAMS to ensure it is responsive to customers' needs and supports the delivery of safe and efficient road networks well into the future and deliver against our multiyear vision.

Transmax would like to take this opportunity to acknowledge and thank both Stephen Golding and Allan Krosch for their contribution and commitment to Transmax as serving members of the Transmax Board since September 2011. Both Stephen and Allan completed their terms in February 2019 and we wish them both the best for the future.

Change is all around us, and Transmax is truly excited about the possibilities for the company and the products and services we are capable of delivering in transportation and ITS. We are at a critical junction in the industry where technological change is coming from 'smart' transport solutions, connected IoT devices with the data they create, and the push by consumers to provide more comprehensive solutions to improve quality of life around traffic congestion.

During the year we engaged our customers to get a clear understanding of what they will need to deliver the future of transportation. Our customers were

concise in their direction that the company needs to provide thought leadership and innovative solutions; a data platform that allows for integration and cross-orchestration amongst systems and modes; and infrastructure that is economic to build and run, and that supports safe and frictionless travel for people and things.

In the coming financial year, we look forward to continuing work to evolve the STREAMS product and its associated products and services. In addition, we are excited to be progressing work with the Colorado Department of Transportation (CDOT) undertaking a trial of STREAMS Smart Motorways in early 2020 and exploring other opportunities in the US market.

In 2019 Transmax reached a significant milestone of 50 years of ITS in Australia. We are proud of this milestone, which was only possible because of the trust our customers have placed in us for so long. We thank our customers for collaborating with Transmax and we look forward to continuing the journey with you in the years ahead. In addition, we thank our team of people for their outstanding commitment to the company and for reliably providing products and services that provide real and continuing value to our customers.



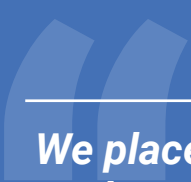

Kathryn Foster
Chair, Non-Executive Director




Nikki Allder
Transmax CEO

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 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 FOCUSED

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

As a for-purpose company, committed to delivering value to the residents of Australia, we 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.

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 PROGRAM (USP)

In 2018, Transmax finalised the Unified STREAMS Program (USP), which saw all STREAMS customer branches merged into a single product branch. Many road agency customers deployed the 13-series of STREAMS during the financial year, with other customers soon to deploy. The consolidated STREAMS platform creates greater efficiencies for customers, is more cost effective and allows customers the opportunity to collaborate.



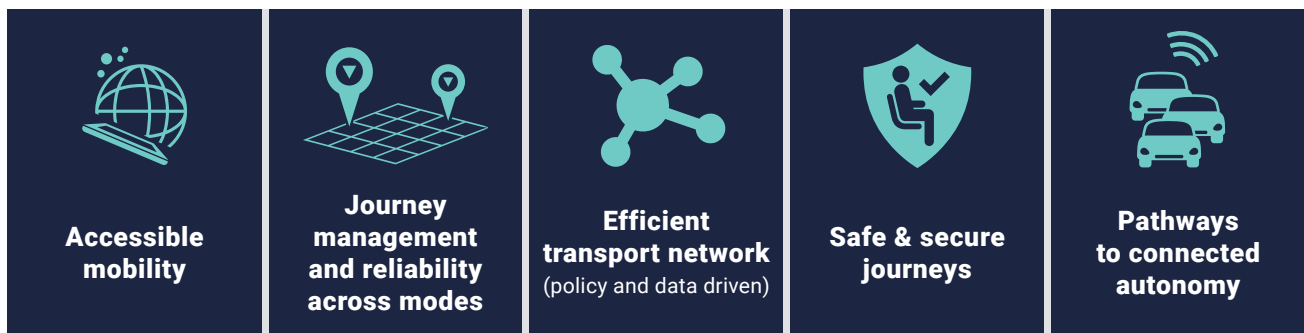
The deployment of STREAMS 13.8 to the Department of Transport and Main Roads was a significant milestone and represented the largest software release in Transmax's history. The upgrade required six database hops and historical database server (HDS) ingested into

Amazon Web Services (AWS). Deployment of the 13-series with a significant new system component in the company's first production cloud environment for a customer was an important company achievement.

What's ahead for Transmax and STREAMS?

In the years ahead, Transmax will support customers to deliver the future of transportation. Working in partnership with customers, Transmax aims to capitalise on opportunities emerging from the significant changes that are happening in the ITS industry.

Our future direction focusses on:



To support this direction, we will:

- keep our eye on emerging and future technologies
- provide thought leadership and innovative solutions that align with customers' requirements and strategic objectives
- provide a data platform that allows for integration and cross-orchestration amongst systems and modes
- provide infrastructure that is economic to build and run
- support customers to provide safe and efficient travel for people and things.

Transmax customers

Transmax customers



Transmax provides STREAMS to road agencies and private 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.



DOMESTIC CUSTOMERS

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

Local Government
Various LGAs

Nexus Infrastructure
Toowoomba Second Range Crossing

Broadspectrum

INTERNATIONAL

WSP North America
Colorado Department of Transportation
(CDOT) STREAMS Smart Motorways trial.

Operational performance

PROJECT HIGHLIGHTS 2018-19

Queensland

Transport and Main Roads and Brisbane City Council

ONE NETWORK TRANCHE 2

The aim of the One Network Project was to consolidate the operation of the public transport and road network among multiple stakeholders including Transport and Main Roads (including TransLink); local government authorities, most notably Brisbane City Council; Transurban; BrisConnections (AirportLink); Brisbane Transport; and Queensland Rail train network. There is a recognised need among these stakeholders to operate and analyse the performance of this network in a holistic way to create a single integrated transport network providing accessibility to all.

The project – using STREAMS as an interface to create a single operator view of all ITS devices and systems – was finalised during the financial year.

This project had a number of benefits for project stakeholders, including:

- Multi-stakeholder operation and analysis of holistic network performance to create a single integrated transport network providing accessibility to all
- Improved workplace efficiency and coordination of traffic management activities across the Brisbane metropolitan area
- Reduced cost of operations
- Enhanced traveller information services
- Flexibility to grow the system without significant additional software development
- Increased efficiency for operators working across jurisdictional boundaries
- Increased operator efficiency leading to more effective management of the road network
- Better management of incidents spanning jurisdictions



NEXT GENERATION TRAFFIC SIGNAL CONTROLLER

Transmax is developing an interface to the SWARCO ITC-3 traffic signal controller as part of Transport and Main Roads' (TMR) Next Generation Traffic Signal Controller (NGTSC) project. This project seeks to enable the rollout of a modern traffic signal controller across Queensland and support future innovation in arterial road operations; for example, the use of group-based intersection control. This project has been a significant undertaking for Transmax since the project commenced in January 2018.

In the first part of this project, Transmax is integrating the SWARCO controller in a way that limits the impact on how operators currently use STREAMS. This allows TMR to roll out the new controller hardware, while reducing the risks of a significant change management exercise for the operators. Subsequent stages of the NGTSC project will seek to exploit more of the enhanced capabilities of the new controllers through enhancements to STREAMS such as movement-based control.

IPSWICH CONNECTED VEHICLE PILOT

Transmax is working with TMR as it progresses the Ipswich Connected Vehicle Pilot project. The Pilot is being delivered by TMR to help prepare the public and the department for the arrival of new vehicle technologies with safety, mobility and environmental benefits on Queensland roads. The Pilot is the largest on-road connected vehicle and infrastructure testing in Australia, and the Pilot was in the development phase in this reporting period.

During the year, Transmax continued to lend its specialised cloud-based software development expertise to the project and is excited to be part of this project to pilot Cooperative Intelligent Transport Systems (C-ITS).

This pilot is enabling Queensland to influence national developments in this transformative transport technology space. Transmax is therefore pleased to be contributing to the development of cooperative vehicle technologies that have the potential



to significantly reduce accidents and congestion.

Alongside TMR, a team of ITS and cloud specialists from Transmax has spent the last two years developing the necessary software infrastructure for a real-time interface with vehicles and edge devices, allowing connected messages to flow in and out of the trial system. This team will continue to offer its expertise to the Ipswich Connected Vehicle Pilot project team as they progress this exciting initiative that the Queensland Government believes will contribute to its vision of a single integrated transport network accessible to all.



TMR Queensland:
Toowoomba Second
Range Crossing

Nexus Infrastructure

TOOWOOMBA SECOND RANGE CROSSING

The Toowoomba Second Range Crossing is a 41km heavy vehicle route jointly funded by the Australian and Queensland Governments. The route is designed to increase freight efficiency and significantly improve driver safety and community amenity by removing heavy vehicles from Toowoomba's CBD.

During the year, Transmax worked with its customer Nexus to provide an economic, fit-for-purpose STREAMS solution and CCTV installed in the Toll Road Control Facility as part of the Toowoomba Second Range Crossing project.

In December 2018, half of the Toowoomba Second Range Crossing opened to traffic for the first time and full opening and handover to operators Broadspectrum is expected in the last half of 2019.

The Toowoomba Second Range Crossing will deliver the following key benefits to the region:

- improved road and driver safety
- reduced travel time across the Toowoomba Range by up to 40 minutes for heavy commercial vehicles
- up to 18 sets of traffic lights avoided
- relieved pressure on local roads by redirecting trucks away from Toowoomba's CBD
- increased freight efficiency
- enhanced liveability in the Toowoomba and Lockyer Valley areas.



Transurban

LOGAN ENHANCEMENT PROJECT

Transurban Queensland's Logan Enhancement Project (LEP) includes upgrading parts of the Logan and Gateway Extension motorways, improving key congestion hot spots (Mt Lindesay Highway/Beaudesert Road interchange and the Wembley Road/Logan Motorway interchange) and constructing new south-facing ramps at Compton Road.

During the year, Transurban engaged Transmax to perform system integration and testing works for LEP. The training server was configured and tested for all LEP devices, including creating the Transport Network Map and linking the STREAMS schematics to the configured devices. This project was successfully completed in 2018-19.

MiElectric

LOGAN ENHANCEMENT PROJECT

A Consulting Services project for the Logan Enhancement Project saw Transmax working with MiElectric to supply, design, configure and test the communications network for Transurban. This work consisted of the above activities for approximately 70 roadside field enclosures and 50 node cabinets.

The equipment included Transmax Field Processors and Cisco switches and routers. This work was successfully delivered on time.



Logan Motorway upgrade / www.loed.com.au



Victoria

VicRoads



West Gate Freeway / Melbourne VIC

PROJECT SWITCH

During the year, Transmax was engaged by VicRoads to assist them in the migration of their entire ITS application platform to new data centres managed by Unisys. Along with supporting VicRoads to migrate their ITS applications, VicRoads and Transmax meticulously planned the STREAMS migration, with project completion expected in March 2020.

MOTORWAY MANAGEMENT AND MAP EXTENSIBILITY ENHANCEMENTS (MME)

ALINEA HERO (AHS) is a suite of specialised ramp metering control algorithms developed by the University of Crete. Transmax integrated these algorithms into STREAMS as part of the highly successful managed motorway deployments across Australia.

During the year, Transmax undertook a series of software development efforts for the VicRoads Motorway Management & Map Extensibility Enhancements project.

This included Transmax undertaking enhancements to STREAMS Strategy Manager to improve strategy management

for exit ramps. These enhancements across the stimulus, decision and response areas will extend the capability for VicRoads to automate more of their traffic management operations to react to more complex events and conditions.

These enhancement projects also saw the introduction of an exit ramp queue estimation algorithm that VicRoads developed in conjunction with the Technical University of Crete and made available to other Transmax customers in the STREAMS 13.7 release during the year.

South Australia

Department of Planning, Transport and Infrastructure

DARLINGTON UPGRADE PROJECT

The Darlington Upgrade Project is the next step in Department of Planning, Transport and Infrastructure's (DPTI) North-South Corridor project. This \$620 million project is aimed at upgrading the 2.3 kilometre section of Main South Road between the Expressway and Ayliffes Road. Transmax is supporting DPTI by ensuring the Darlington Upgrade

Project's ITS systems and devices are seamlessly integrated with the DPTI Traffic Management Centre.

Work on this project has commenced and is expected to be finalised in the 2019-20 financial year.



DPTI South Australia: Darlington Upgrade Project visualisation

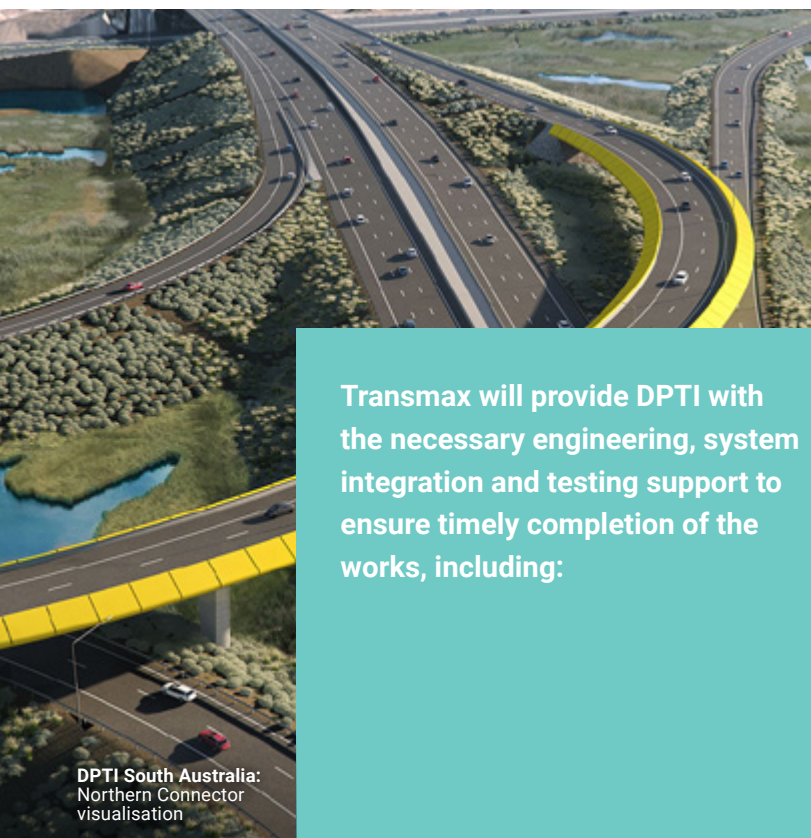
NORTHERN CONNECTOR PROJECT

During the year, Transmax was contracted for the provision of Traffic Management and Control System (TMCS/STREAMS) development services for the Northern Connector Project for DPTI.

The Northern Connector Project (NCP) will be a six-lane, 15.5 kilometre motorway providing a vital freight and commuter link between the Northern

Expressway, South Road Superway and Port River Expressway. Lendlease Engineering Pty Ltd (Lendlease) has been engaged by DPTI as the contractor to design and construct the NCP.

The majority of DPTI's road network is managed using STREAMS. The NCP requires the addition of ITS devices and facilities to the network, including lane use control signs, variable speed limit signs, incident detection cameras, changeable signs and a computer equipment room. These devices are vital in ensuring that the motorway is appropriately managed during an incident to ensure the safety of the travelling public is not compromised.



Transmax will provide DPTI with the necessary engineering, system integration and testing support to ensure timely completion of the works, including:

- preparation of permissible frame sets for all lane use management signs (LUMS) and variable speed limit signs (VSLS)
- STREAMS configuration and schematic updates
- Operational scenario testing (OST) planning, preparation and participation
- Traffic management centre operator STREAMS training
- Technical assistance on site during rollover onto the production server
- Other technical services
- Project management.



Work on this project has commenced and is expected to be finalised in the 2019-20 financial year.

Western Australia

Main Roads Western Australia

KWINANA SMART FREEWAY PROJECT

With congestion management an important priority for the Government of Western Australia, the northbound section of Kwinana Freeway between Canning Highway on-ramp and the Narrows Bridge was identified as a significant bottleneck causing traffic to queue back to the Mt Henry Bridge.

Main Roads Western Australia (MRWA) is enhancing capacity by implementing a fourth lane from the Canning Highway bus lane on-ramp to the start of the bus lane near the Judd Street Bridge. It will operate as a general traffic lane but is expected to be accommodated within the existing freeway lanes (including the emergency shoulder). This deployment of managed freeway will include the installation of a lane use management system (LUMS) to complement the operation of the emergency shoulder as a traffic lane. The Kwinana Freeway from Roe Highway to Canning Highway will have coordinated ramp metering at five on-ramp sites along with two variable message signs (VMS) located along this section of the freeway.

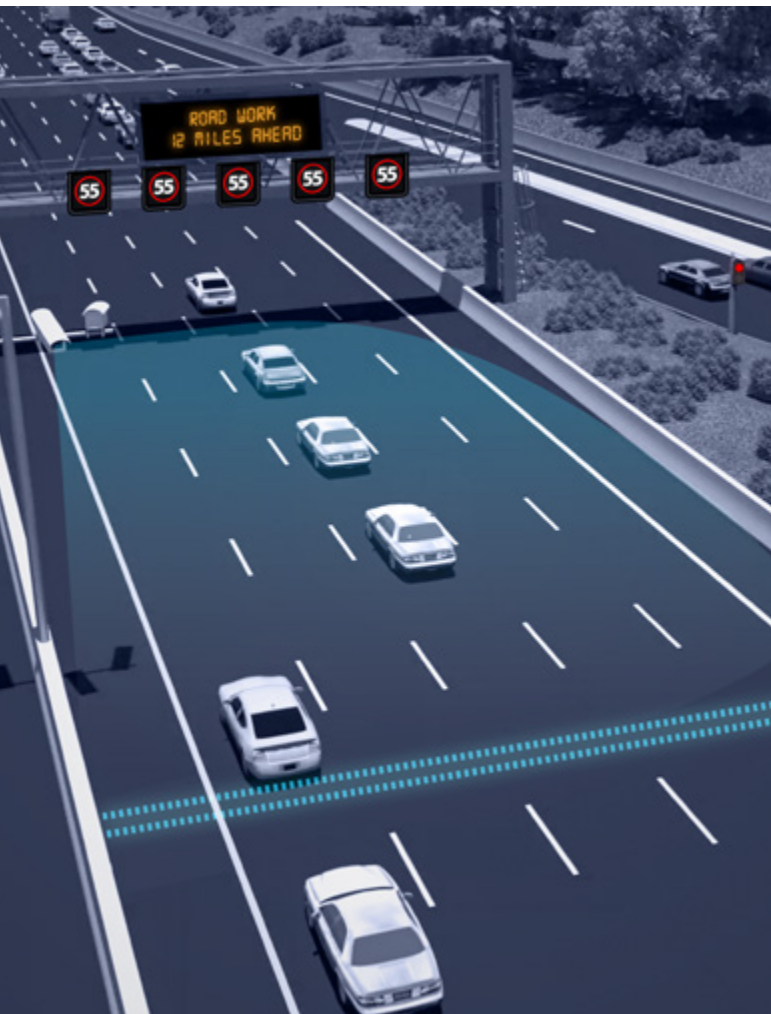


Kwinana Freeway / Western Australia

Transmax is working with MRWA and Alliance to deploy the latest 13 series STREAMS functionality with the managed motorways features enabled in our product. This will allow MRWA to better manage and optimise the Kwinana Freeway. Training and testing of the STREAMS functionality will commence in late 2019 and is expected to be finalised in early 2020.

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 progressing several development and product improvement projects during the year to support safer and more efficient road networks and to respond to the future needs of customers.

STREAMS Smart Motorways: COORDINATED RAMP METERING

Transmax is continuing to make investments into STREAMS Smart Motorways. This product supports our cooperative and strategic approach to managing road user journeys and offers a suite of features alongside coordinated ramp metering to support sophisticated managed motorway deployments. The product is being trialled by the Colorado Department of Transportation in mid 2020, in partnership with WSP, Transmax and VicRoads.



STREAMS VISION 360

STREAMS Vision 360 is being developed as a unique ITS video analytics product that will use smart technology to proactively manage road safety. It promises to provide fundamental changes in the way we approach safety, particularly at intersections, and to understand the real-time demand on movements to give traffic lights exactly the right amount of green time down to the second. The aim of the product is to eliminate the conditions

that lead to crashes before they occur to significantly reduce the number of accidents at intersections.

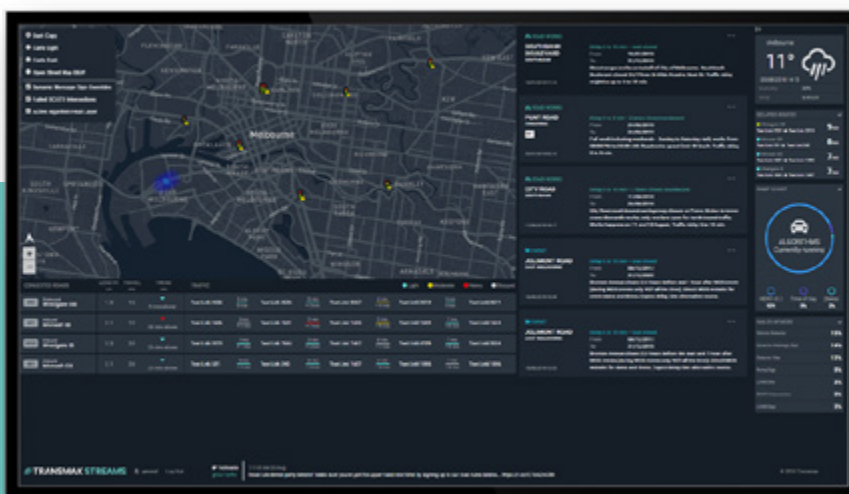
During the year, Transmax progressed work on STREAMS Vision 360, working with local companies and cutting-edge technology from around the world to help inform both Transmax and the wider industry about the ramifications of this technology.

STREAMS WEB EDITION

During the year, Transmax progressed work on the development of 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.



◀ STREAMS Web Edition

CUSTOM MAP LAYERS

Traditionally, adding a new layer to STREAMS Explorer maps is a non-trivial exercise that includes integration and deployment of a new version of STREAMS Explorer.

As part of Transmax's data strategy, we wanted to bring the power of data to our users as seamlessly as possible. During the year, Transmax introduced customers to STREAMS Custom Map Layers as part

of the STREAMS 13.8 release in February 2019. Custom Map Layers is a lightweight mechanism to display real-time data on the STREAMS map.

After this release, Transmax continued to engage customers to understand how map layers will provide the most value to traffic management centre operators and analysts.

DEBIAN 8 UPGRADE PROJECT

The Debian Upgrade project involves the development of a new STREAMS Connect platform using Debian as the OS. Deviating from using Redhat 7.3 and Centos 6.5 as the Field Processor and Communications Processor operating systems, Debian will

allow for improved platform support and development of the STREAMS Connect product. This project is also essential for the Field Processors being used in the CDOT trial of STREAMS Smart Motorways.

RELEASE AUTOMATION

During the year Transmax commenced work on a staged set of improvements that aims to progressively automate parts of the STREAMS release packaging and deployment processes.

This work will make deployment to different environments more consistent, improve agility and increase efficiency.



▲ STREAMS map system enhancement

MAP IMPROVEMENTS

As part of the STREAMS 13.9 release, Transmax made enhancements to the STREAMS map system. These enhancements provide customers with a greater ability to update maps regularly via a map server and the system uses more detailed and modern maps than the previous version. The enhancements also improve the customer usability of STREAMS maps.

Other new STREAMS features

As part of the STREAMS 13.10 release, Transmax brought together several high-value customer projects and optimisations including:

TARGETED OPERATOR NOTIFICATION

This project involved improvements aimed at improving the overall experience and usability of STREAMS for critical operations and workflows. This feature allows notifications and alerts to be filtered and tagged to improve operational management and the overall experience and usability of STREAMS for critical operations and workflows by ensuring that individual operators only see notifications relevant to their current role within the operational area.

RESPONSE PLAN ENHANCEMENTS

This feature involves enhancements to the response plan service, which includes new functionality surrounding response plan retries and automatic resets, enabling greater operator efficiencies.

In addition, Transmax continued to invest in the STREAMS product and internal infrastructure optimisations throughout the year such as build time improvements, packaging automation and logging/monitoring improvements to enhance STREAMS diagnostics capabilities.

EVENT NOTIFICATION FILTERING

The event notification enhancement improves the usability of STREAMS by allowing STREAMS users to subscribe to specific devices, rather than having to subscribe to an 'event type' and configure SMS or email notification alerts under specific conditions. This assists individuals that maintain a subset of devices, as they would only receive relevant information.

MASTER ISOLATED ENHANCEMENT

This project involved enhancements to STREAMS intersections master isolated algorithm to better handle incidents where vehicles may be trapped at an intersection stop bar.



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 10 new people and at the end of the financial year had an additional eight employees overall. Many of these recruits were into high-level technical roles. At year-end, Transmax had 133 employees supporting the work we do for customers.



SENIOR LEADERSHIP TEAM

At the time of publishing this report, Transmax had undertaken a restructure of the organisation to ensure the company can continue to deliver for our existing customers and deliver against our new multiyear vision.

Transmax's restructured senior leadership team comprises highly experienced professionals fully committed to building and investing in our people to help us support customers to successfully deliver the future of transportation.

Nikki Alder

Chief Executive Officer

(commenced September 2019)

Bruce Kirchner

Executive General Manager

Business Development & Sales

Lynette Sperling

Executive General Manager

Business Operations

Domenic Fasone

Executive General Manager

Programme Management Office

Chris Fullelove

Executive General Manager

Customer Engineering & Support

Andrew Paynter

Executive General Manager

Product Development

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.

Transmax spent 2,340 hours in further professional development of our staff in 2018-19. This supports our goal of having a highly capable and agile workforce to deliver value to our customers.

During the year, the senior 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 focussed on an emerging leadership development program that saw participants take part in a LEAD Program. The program is based



upon neuroscience development to train and develop highly productive, emotionally intelligent leaders. The extensive program was conducted over six months, allowing 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 had regular one-on-one coaching sessions with the LEAD Program consultant to ensure their personal and professional growth at completion of the program.

Our Board

In February 2019, Transmax announced the appointment of three new members to the Transmax Board including Kathryn Foster (Chair), John Frazer (Non-Executive Director) and Julianne Mitchell (Non-Executive Director). Transmax welcomed these new appointments and the wealth of knowledge and significant industry experience they bring to the Board, which will provide the company with the strategic leadership required to guide the growth of the company.



Kathryn Foster

Chair Kathryn Foster has a strong background in technology, sales and early stage start-up companies with more than two decades of experience designing, building and running large internet-based businesses. Kathryn was previously Senior Director of Xbox Games Marketplace as well as Microsoft Store online where she managed the profit and loss and global expansion in over 200 geographies with both having an annual revenue budget in the low billions of dollars.



Julianne Mitchell

Non-Executive Director Julianne Mitchell is a Deputy Director-General of Transport and Main Roads. Julianne brings to the Board more than three decades of experience in civil engineering covering a broad range of transport-related senior civil engineering and leadership roles. In addition, she has significant organisational and technical leadership and development experience. As Chief Engineer at Transport and Main Roads for eight years, Julianne led and managed the Engineering and Technology Division comprising more than 340 staff. During her time in this role, Julianne was responsible for driving a significant change agenda and reform to embed and drive customer focus, innovation, efficiency, technical relevance and responsiveness.



John Frazer

Non-Executive Director John Frazer joins the Board with more than two decades of experience working for the Queensland Treasury Corporation. He has extensive experience in advising Ministers and the Government in matters relating to government-owned corporations and statutory bodies and brings high level finance and strategic skills through working across a diverse range of businesses.

The background of the cover is a photograph of a modern cityscape. In the foreground, there is a wide, empty road with white lane markings. Behind the road is a low wall. In the background, several tall skyscrapers are visible, including a prominent one with a pointed top. The sky is a clear, light blue.

Financial Statements

Transmax Pty Ltd
ABN 59 099 487 573

GENERAL PURPOSE

Financial Statements

FOR YEAR ENDED 30 JUNE 2019

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TRANSMAX PTY LTD

DIRECTORS' REPORT

30 JUNE 2019

The directors present their report together with the financial report of Transmax for the year ended 30 June 2019.

Directors

Kathryn Foster (Chair, Non-Executive Director) from 11 February 2019

Kathryn Foster was appointed as a Non-Executive Director (Chair) to the Board of Transmax on 11 February 2019. Ms Foster has a strong background in technology, sales and early stage start-up companies. Ms Foster has more than two decades of experience designing, building and running large internet-based businesses. Prior to becoming a professional director, Kathryn was Senior Director of Xbox Games Marketplace as well as Microsoft Store online where she managed the profit and loss and global expansion in over 200 geographies with both having an annual revenue budget in the low billions of dollars. She has extensive technical and commercial experience in software + hardware solutions.

Kathryn holds a Bachelor of Science (BSc) in International Marketing from Oregon State University and Associate of Science (ASc) - Computer Science and Information Systems from Shoreline Community and is a member of the Australian Institute of Directors.

John Frazer (Non-Executive Director) from 11 February 2019

John Frazer was appointed as a Non-Executive Director to the Board of Transmax on 11 February 2019. Mr Frazer joins the Board with more than two decades of experience working for the Queensland Treasury Corporation. He has extensive experience in advising Ministers, and the Government in matters relating to government-owned corporations and statutory bodies and brings high level finance and strategic skills through working across a diverse range of businesses.

He is currently a Director of several government-owned entities including Queensland Treasury Holding Pty; Dalrymple Bay Coal Terminal Holdings Pty Ltd; Brisbane Ports Holding Pty Ltd; Queensland Airport Holdings (Mackay) Pty Ltd; and Queensland Airport Holdings (Cairns) Pty Ltd.

John holds a Bachelor of Commerce from the University of Queensland, is a Chartered Accountant, and is a member of the Australian Institute of Directors.

Julie Mitchell (Non-Executive Director) from 11 February 2019

Julie Mitchell was appointed as a Non-Executive Director to the Board of Transmax on 11 February 2019. Julie is a Deputy Director-General of the Department of Transport and Main Roads. Ms Mitchell has more than three decades of experience in civil engineering covering a broad range of transport-related senior civil engineering and leadership roles. In addition, Julie has significant organisational and technical leadership and development experience.

As Chief Engineer at the Department Transport and Main Roads for eight years, Julie led and managed the Engineering and Technology Division comprising more than 340 staff. During her time in this role, Julie was responsible for driving a significant change agenda and reform to embed and drive customer focus, innovation, efficiency, technical relevance and responsiveness.

Julie holds a Master of Business Administration (University of Queensland), a Master of Environmental Management in Sustainable Development (University of Queensland), a Master of Engineering Science (University of Queensland), and a Bachelor of Engineering (Civil) – Hons (University of Queensland), and has completed the Company Directors Course with the Australian Institute of Company Directors. Julie is a Fellow of the Institution of Engineers Australia.

TRANSMAX PTY LTD

DIRECTORS' REPORT

30 JUNE 2019

Mark Williamson (Managing Director) to 31 January 2019

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 Director 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. He resigned from his position as Managing Director on 31 January 2019.

Stephen Golding (Non-Executive Director) to 11 February 2019

Stephen Golding was appointed as a Non-Executive 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 was acting Chair (Non-Executive Director) from 1 July 2018 to 11 February 2019.

Allan Krosch (Non-Executive Director) to 11 February 2019

Allan Krosch was appointed as a Non-Executive Director of Transmax in September 2011. Mr Krosch worked for the 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 a Masters Degree 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.

Allan was a Non-Executive Director to 11 February 2019.

Company Secretary

Peter Sedgley – to 30 April 2019

Peter Sedgley was Company Secretary since October 2010 and was Chief Financial Officer at Transmax. He holds a Bachelor of Science degree in Economics from the London School of Economics as well as a Master 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. Peter resigned from his role as company secretary on 30 April 2019.

TRANSMAX PTY LTD

DIRECTORS' REPORT

30 JUNE 2019

Julia Briskey – from 20 May 2019

Julia Briskey was appointed to the role of Company Secretary on 20 May 2019.

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	
	No. of Meetings Attended	*No. of Meetings Held
S Golding (Acting Chair)	7	7
A Krosch	6	7
M Williamson	4	4
K Foster (Chair)	4	4
J Frazer	4	4
J Mitchell	4	4

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

TABLE OF DIRECTORS' COMMITTEE MEETINGS

Director	Risk and Audit Committee Meeting	
	No. of Meetings Attended	No. of Meetings Held
A Krosch (Chair)*	1	1
M Williamson	1	1
J Frazer (Chair)**	2	2
K Foster	2	2
J Mitchell	2	2

**Chair to 11 February 2019*

*** Chair from 11 February 2019*

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 the 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. The Board follows a Charter and a Corporate Governance Framework. This framework was developed based on the 10 Principles of the ASX Corporate Governance Council.

TRANSMAX PTY LTD

DIRECTORS' REPORT

30 JUNE 2019

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:

11 February 2019 to Current:

Kathryn Foster – Chair
John Frazer – Non-Executive Director
Julie Mitchell – Non-Executive Director

1 July 2018 to 11 February 2019:

Stephen Golding – Acting Chair
Allan Krosch – Non-Executive Director
Mark Williamson – Managing Director (to 31 January 2019)

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

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:

From 11 February 2019:

- John Frazer – Chair
- Julie Mitchell – Non-Executive Director
- Kathryn Foster – Non-Executive Director
- Allan Krosch (Chair from 23 February 2018 – 11 February 2019) – Non-Executive Director
- Mark Williamson – Managing Director (to 31 January 2019)
- Peter Sedgley – Chief Financial Officer (to 30 April 2019)
- Lynette Sperling – Group Manager, Organisational Excellence, Strategy and Marketing & Acting Chief Executive Officer.

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' 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.

TRANSMAX PTY LTD

DIRECTORS' REPORT

30 JUNE 2019

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. 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 Department of Transport and Main Roads, who is a 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 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 management 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 information to gain an 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.

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.

TRANSMAX PTY LTD
DIRECTORS' REPORT
30 JUNE 2019

Dividends

Dividends have not been declared or paid for the year ended 30 June 2019

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 of TMR is the sole shareholder.

Review of operations

The loss after income tax for the financial year was \$2,336,201 (2017-18 profit after income tax was \$976,637).

Transmax performed below expectation in the financial year.

General

Staff and contractor numbers have decreased over the period, with a total full-time equivalent of 123 at 30 June 2019.

Taxation

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

Events subsequent to financial position date

There are no events.

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. Transmax is participating in a trial project in United States of America.

Environmental regulation

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

TRANSMAX PTY LTD

DIRECTORS' REPORT

30 JUNE 2019

Going concern basis

This report is made in accordance with a resolution of the directors. The Department of Transport and Main Roads has provided a letter of financial support. 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.

Kathryn Foster

Chair:



Date: 30/10/19

John Frazer

Non-Executive Director:



Date: 30/10/19

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 2019, 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.



Vaughan Stemmett
As delegate of the Auditor-General

30 October 2019
Queensland Audit Office
Brisbane

TRANSMAX PTY LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	2	18,737,599	22,337,561
Cost of sales	3	(10,405,538)	(10,566,976)
Gross profit		8,332,061	11,770,585
Other income	4	114,978	162,608
Depreciation	13	(387,150)	(394,354)
Amortisation	14	(1,157,077)	(887,944)
Intangible and other assets write off	13/14	(620,458)	(10,459)
Research expenses	5	(527,446)	(491,299)
Sales and marketing expenses	6	(2,187,590)	(1,925,508)
Administration costs	7	(6,375,003)	(7,106,668)
Other expenses	9	(243,245)	(34,607)
Finance costs		(7,264)	(7,879)
Profit/(loss) for the year		(3,058,194)	1,074,475
Income tax (expense)/benefit	10(b)	721,993	(97,838)
Total profit/(loss) for the year		(2,336,201)	976,637
Profits attributable to owners of the company		(2,336,201)	976,637

TRANSMAX PTY LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,090,468	4,375,120
Trade and other receivables	11	3,262,724	2,789,344
Work in progress	12	1,997,024	1,933,948
Prepayments		361,742	222,826
Inventories		244,613	304,067
TOTAL CURRENT ASSETS		7,956,571	9,625,305
NON-CURRENT ASSETS			
Deferred tax assets	10(d)	1,447,872	902,284
Plant and equipment	13	661,599	815,991
Intangible assets	14	4,026,972	4,516,003
TOTAL NON-CURRENT ASSETS		6,136,443	6,234,278
TOTAL ASSETS		14,093,014	15,859,583
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	1,408,644	836,750
Accrued employee benefits	16	2,272,320	2,472,966
Current tax liabilities	10(f)	(205,948)	211,800
Provisions		54,439	5,396
Contract liability		427,286	-
Unearned revenue	1(d)	695,144	289,119
Lease incentive liabilities		93,712	55,400
TOTAL CURRENT LIABILITIES		4,745,597	3,871,431
NON CURRENT LIABILITIES			
Accrued employee benefits	16	62,353	54,396
Unearned revenue	1(d)	390,534	316,153
Lease incentive liability		322,590	416,302
Deferred tax liability	10(e)	1,003,191	1,071,627
TOTAL NON CURRENT LIABILITIES		1,778,668	1,858,478
TOTAL LIABILITIES		6,524,265	5,729,909
NET ASSETS		7,568,749	10,129,674

TRANSMAX PTY LTD
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2019

	Note	2019	2018
		\$	\$
EQUITY			
Issued capital	17	601,062	601,062
Retained earnings	18	6,967,687	9,528,612
TOTAL EQUITY		7,568,749	10,129,674

TRANSMAX PTY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Profits		Contributed Equity	
	2019	2018	2019	2018
	\$	\$	\$	\$
Balance at 1 July	9,528,612	8,551,975	601,062	601,062
Adjustment due to adoption of AASB15	(224,724)	-	-	-
Net profit/(loss) for period	(2,336,201)	976,637	-	-
Balance at 30 June	6,967,687	9,528,612	601,062	601,062

TRANSMAX PTY LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		20,816,597	25,375,456
Payments to suppliers and employees (inclusive of GST)		(21,394,227)	(22,207,264)
Interest received		17,545	46,612
Interest and other costs of finance paid		(7,264)	-
Grants received		25,062	115,793
Income tax paid		(224,415)	88,621
Net cash used in operating activities	26	(766,702)	3,419,218
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		(235,310)	(396,871)
Proceeds from disposal of property, plant and equipment		2,552	
Payments for intangibles		(1,285,192)	(1,440,809)
Net cash used in investing activities		(1,517,950)	(1,837,680)
Net increase in cash and cash equivalents held		(2,284,652)	1,581,538
Cash and cash equivalents at the beginning of the year		4,375,120	2,793,582
Cash and cash equivalents at the end of the financial year		2,090,468	4,375,120

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary 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 are general-purpose financial statements that has been prepared in accordance with Australian Accounting Standards, Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

(b) Going concern

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 loss of \$2,336,201 for the year ended 30 June 2019. As at this date, current assets exceeded current liabilities by \$3,210,974. In addition, The Department of Transport and Main Roads has provided a letter of financial support, and Transmax has a positive cash flow forecast for the 2019-20 financial year pending a cash injection.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs unless otherwise stated.

(c) 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.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the 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.

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.

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary of significant accounting policies (continued)

(d) Revenue from contracts with customers

Transmax is a supplier of customised Intelligent Transport System (ITS) solutions through its ITS platform, STREAMS. Transmax works with its customers to develop a solution that meets the customers' transport network management needs. Transmax offers customers systems engineering, software design and development, along with a range of consulting and support services throughout the entire ITS lifecycle.

STREAMS is a complete, integrated ITS solution supporting a comprehensive range of services and infrastructure, making it possible to run traffic signals, incident response, motorway management and other traffic services from a single system.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which Transmax expects to be entitled in exchange for those goods or services.

Engineering and software services

Engineering and software services include revenues from software development, software assurance, technical support and consulting. These contracts are typically fixed price. Revenue is recognised over the period the performance obligation is satisfied, using the input method that best depicts the pattern of the transfer of control over time.

Equipment and licence revenue

Revenue from the sale of equipment and third-party licences is recognised at a point in time when the control of the equipment and third-party licences is transferred to the customer, generally on delivery of the equipment and third-party licences.

Unearned revenue

Unearned revenue is made up of the following three components:

1. Time and material projects: When amounts billed to a customer are more than the retail hours worked, it is included in unearned revenue.
2. 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.
3. Unearned grant income: The value of grant income related to research and development expenses capitalised.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which Transmax has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Transmax transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when Transmax performs under the contract.

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary of significant accounting policies (continued)

(e) 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.

(f) 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

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary of significant accounting policies (continued)

(g) Intangible assets

Intangible Assets are measured at cost less accumulated amortisation and impairment losses.

Intangible Assets are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. No impairment has been recognised.

Trademarks

Transmax has trademarks in both Australia and internationally. 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 the 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.

Amortisation

All intangible assets are amortised using the straight-line method over their estimated useful lives. 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	5-7 years
Other intangibles - software	2-5 years

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary of significant accounting policies (continued)

(h) Trade receivables - AASB 9

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days from the invoice date and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. Transmax holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Impairment of trade receivables and work in progress (contract assets)

Transmax applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and work in progress.

A provision matrix is used to assess the historical trend of its receivables to calculate historical loss rates, which are adjusted for forward-looking information. For 2018-19, no additional allowance has been recognised as the impact of this provision is immaterial.

(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 the 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.

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary of significant accounting policies (continued)

(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) 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.

(n) 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. 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 charge-out rates of the hours worked but not billed are included in 'work in progress'.

(o) Work in progress

Work in progress are contract assets (WIP) for fixed-price projects is calculated as revenue taken less billed to date. Revenue taken is calculated based on the percentage of completion of the contract value. Cost to completion is forecast monthly. Time and material project WIP is the retail value of the hours worked and not yet billed. Fixed price and time and material WIP is reviewed monthly for impairment. WIP includes a provision for potential under-recovery.

(p) 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.

(q) Comparatives

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

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary of significant accounting policies (continued)

(r) 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(f);
- ◆ Intangible assets – Note 1(g);
- ◆ Contingent liabilities – Note 20;
- ◆ Depreciation and amortisation – Note 1(f), Note 1(g), Note 13 and Note 14;
- ◆ Accrued employee benefits – Note 1(m) and Note 16; and
- ◆ Accounts receivable – Note 1(h) and Note 11
- ◆ Revenue from contracts with customers – Note 1(d) and Note 2

(s) New and revised accounting standards

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for most leases, a right of use asset and a lease liability will be recognised, with the right of use asset being depreciated and the lease liability being unwound in principal and interest components over the life of the lease.

Transmax has evaluated the impact on the adoption of this standard. Upon adoption of this standard, it is Transmax's intention to transition using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, using the entity's current incremental borrowing rate. Comparative figures are not restated.

As at the reporting date, Transmax has non-cancellable operating lease commitments of \$2,488,321 (refer Note 21). For these lease commitments, Transmax expects to recognise the right-of-use assets and lease liabilities of approximately \$8,115,537.

Transmax expects the total amortisation expense on the right of use asset and the finance costs to be approximately \$1,116,000 for FY2020 as a result of adopting the new rules.

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary of significant accounting policies (continued)

(s) New and revised accounting standards (continued)

New and amended standards and interpretations effective during the year

Transmax applied AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

AASB 15 Revenue from contracts with customers

AASB 15 supersedes AASB 118 *Revenue* and related interpretations, and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Transmax adopted AASB 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Transmax elected to apply the standard only to contracts that are not completed as at 1 July 2018.

AASB 9 Financial instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Transmax applied AASB 9 prospectively, with an initial application date of 1 July 2018. Transmax has not restated the comparative information, which continues to be reported under AASB 139.

The adoption of AASB 9 from 1 July 2018 resulted in a change in accounting policy in relation to Transmax's trade receivables. Transmax continues to measure its trade receivables at amortised cost, and the application of the simplified approach to measuring expected credit losses did not result to material adjustments in the financial statements as most of Transmax's trade receivables are with government agencies.

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Summary of significant accounting policies (continued)

(s) New and revised accounting standards (continued)

The cumulative effect of initially applying AASB 15 is recognised at the date of initial application as an adjustment to the opening balance of retained profits. Therefore, the comparative information was not restated and continues to be reported under AASB 118 and related Interpretations.

The effect of adopting AASB 15 as at 1 July 2018 was, as follows:

	Increase/ (decrease) \$
Assets	
Deferred tax asset	85,618
Liabilities	
Contract liabilities (current)	310,342
Total adjustment on retained profits	<u>(224,724)</u>

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2019 as a result of the adoption of AASB 15. The adoption of AASB 15 did not have a material impact on Transmax's operating, investing and financing cash flows. The first column shows amounts prepared under AASB 15, and the second column shows what the amounts would have been had AASB 15 not been adopted:

Statement of comprehensive income

For the financial year ended 30 June 2019

	Amounts prepared under AASB 15 \$	Previous AASB \$	Increase/ (decrease) \$
Revenue from contracts with customers	18,737,599	18,854,544	(116,945)
Income tax expense	721,993	689,833	32,160
Profit for the year	<u>(2,336,203)</u>	<u>(2,251,418)</u>	<u>(84,785)</u>

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
2 Revenue		
Engineering and software services	16,703,000	18,681,322
Equipment and licence revenue	2,034,599	3,653,805
	<u>18,737,599</u>	<u>22,335,127</u>
<i>Other revenues</i>		
Foreign currency gain/(loss)	-	2,434
Total	<u>18,737,599</u>	<u>22,337,561</u>
3 Cost of sales		
Engineering and software services	8,385,436	7,806,360
Equipment and licence costs	1,650,186	2,563,598
Infrastructure services	369,916	197,018
Total	<u>10,405,538</u>	<u>10,566,976</u>
4 Other income		
Interest income	17,545	46,815
Grant income	97,433	115,793
Total	<u>114,978</u>	<u>162,608</u>
5 Research expenses		
Research labour	527,446	491,299
Total	<u>527,446</u>	<u>491,299</u>
6 Sales and marketing expenses		
Staff costs	1,982,516	1,608,196
Conference and trade shows	97,438	108,100
Marketing and advertising	94,357	114,113
Travel	13,279	71,099
Consultants	-	24,000
Total	<u>2,187,590</u>	<u>1,925,508</u>

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
7 Administration expenses		
Administration labour and expenses	3,300,807	3,374,685
HR labour and expenses	1,055,291	1,786,124
IT labour and expenses	991,373	822,258
Property and tenancy expenses	1,027,532	1,123,601
Total	6,375,003	7,106,668
8 Employee related expenses		
<i>The following labour costs have been absorbed in the cost of sales, research and development, sale and marketing and administration expenses.</i>		
Wages and salaries	12,680,485	11,588,011
Superannuation	1,434,839	1,392,706
Payroll tax	735,961	702,853
Workers compensation	26,741	28,986
Fringe benefit tax	54,808	34,848
Contractor labour	6,425	15,192
Redundancy expenses	10,962	-
Movement of annual leave provision	16,375	226,267
Movement of long service leave provision	6,903	153,799
Total	14,973,498	14,142,662
Employees (full-time equivalent)	123	140
9 Other expenses		
Bad debts expense	-	3,657
Audit fees*	63,000	28,700
Accounting and tax fees	74,591	1,350
Sundry expenses	654	900
Consultancy fees	105,000	-
Total	243,245	34,607

*Queensland Audit Office - Audit of the financial statements

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
10 Income tax expense/(benefit)		
(a) Income tax expense/(benefit)		
Current tax expense	(193,589)	322,342
Deferred tax expense/(benefit) relating to origination and reversal of temporary differences	(528,404)	-
Total income tax expense/(benefit) attributable to profit	(721,993)	322,342
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense	(3,058,196)	1,074,475
Tax at the rate of 27.5% (2018: 30%)	(841,003)	322,342
Tax effect amounts which are not deductible (taxable) in calculating taxable income	-	-
Research and development	(26,794)	(34,738)
Non-deductible expenses	371,725	21,731
Tax adjustments for the prior periods	(225,921)	(211,497)
Income tax expense/(benefit)	(721,993)	97,838
(c) Deferred tax equivalent expense/(benefit) included in income tax equivalent expense comprises:		
Deferred tax assets opening balance	902,284	598,645
Adjustment to opening balance due to adoption of AASB15	85,619	-
Increase/(decrease) in deferred tax assets	535,158	303,639
Adjustment relating to the prior year	(75,190)	-
Deferred tax assets at 30 June	1,447,871	902,284
Deferred tax liability opening balance	1,071,627	392,480
Increase/(decrease) in deferred tax liability	20,866	679,147
Adjustment relating to the prior year	(89,302)	-
Deferred tax liability at 30 June	1,003,191	1,071,627

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
10 Income tax expense/(benefit) (continued)		
(d) Proof of deferred tax assets		
Revenue received in advance	769,918	-
Trademarks	11,360	9,158
Employee benefits	418,147	449,177
Accrued expenses & provisions	248,447	443,949
Tax value of loss carry forwards recognised	-	-
Net deferred tax assets at 30 June	1,447,872	902,284
(e) Proof of deferred tax liabilities		
Property, plant and equipment	45,916	65,757
Work in progress	544,883	580,183
Intellectual property	412,392	425,687
Net deferred tax liabilities at 30 June	1,003,191	1,071,627
(f) Reconciliation of current tax liability/(asset)		
Opening balance	211,800	825,993
Payments in the current year relating to the prior year	(194,159)	(88,621)
Refunds in the current year relating to the prior year	-	-
Current year instalments	(30,000)	-
Under/(Over) provision for tax in the prior year	(211,800)	(737,372)
Provision for tax current year	18,211	211,800
Closing balance	(205,948)	211,800

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
11 Trade and other receivables		
Trade receivable	3,262,724	2,789,141
Less: Allowance for impairment loss	-	-
Net trade receivable	3,262,724	2,789,141
Accrual revenue	-	203
Total	3,262,724	2,789,344
12 Work in progress		
Time and material projects	717,065	117,104
Fixed price projects	1,279,959	1,816,844
Total	1,997,024	1,933,948
13 Plant and equipment		
Plant and Equipment	2,698,264	2,712,514
Less: Accumulated Depreciation	(2,036,665)	(1,896,523)
Net book amount	661,599	815,991
<i>Reconciliation</i>		
<i>The reconciliation of the carrying amount for plant and equipment is set out below:</i>		
Opening net book amount	815,991	813,530
Additions	235,310	396,872
Disposals	(2,552)	(57)
Depreciation charge	(387,150)	(394,354)
Closing net book amount	661,599	815,991

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
14 Intangible assets		
Trademarks at cost	71,442	71,442
Less: Accumulated amortisation	(30,918)	(23,774)
Net book amount	40,524	47,668
<i>Reconciliation</i>		
<i>The reconciliation of the carrying amount for trademarks is set out below:</i>		
Opening net book amount	47,668	56,598
Additions	-	-
Disposals	-	-
Amortisation charge	(7,144)	(8,930)
Closing net book amount	40,524	47,668
Other intangible assets at cost	108,302	108,302
Less: Accumulated amortisation	(98,093)	(56,296)
Net book amount	10,208	52,006
<i>Reconciliation</i>		
<i>The reconciliation of the carrying amount for other intangible assets is set out below:</i>		
Opening net book amount	52,006	46,946
Additions	-	49,002
Amortisation charge	(41,798)	(43,942)
Closing net book amount	10,208	52,006
Internally developed software at cost	7,168,707	7,155,478
Less: Accumulated amortisation	(3,192,467)	(2,739,149)
Net book amount	3,976,240	4,416,329

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
14 Intangible assets (continued)		
<i>Reconciliation</i>		
<i>The reconciliation off the carrying amount for internally developed software is set out below:</i>		
Opening net book amount	4,416,329	3,869,997
Additions	1,285,952	1,391,807
Write offs	(617,906)	(10,402)
Amortisation charge	(1,108,136)	(835,072)
Closing net book amount	3,976,240	4,416,329
15 Trade and other payables		
Trade payables	860,842	502,344
Accrued expenses	121,097	24,255
GST payable	426,705	310,151
Total	1,408,644	836,750
16 Accrued employee benefits		
CURRENT		
Accrued employee benefits	1,869,695	2,044,852
Wages and salaries	402,625	428,114
Total	2,272,320	2,472,966
NON CURRENT		
Accrued employee benefits	62,353	54,396
Total	62,353	54,396

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
17 Contributed equity		
Ordinary shares - issued and fully paid	601,061	601,061
Special (control) shares - issued fully paid	1	1
Total	601,062	601,062
There were no shares issued in the 2018 and 2019 financial years.		
18 Retained profits		
Retained profits at the beginning of the year	9,528,612	8,551,975
Net profit/(loss)	(2,336,201)	976,637
Adjustment due to adoption of AASB15	(224,724)	-
Retained profits at end of year	6,967,687	9,528,612

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 on ensuring 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

	2019	2018
	\$	\$
Cash at bank	2,090,468	4,375,120
Interest rate	0.2%-2.5%	0.5%-2.0%

(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 financial assets and liabilities are considered to be a reasonable approximation of fair value.

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(e) Liquidity risk

Liquidity risk refers to the ability of an entity to meet its obligations associated with financial liabilities. Transmax Pty Ltd manages liquidity risk by continuous monitoring of cash flows. The company reduces the exposure to liquidity risk by ensuring sufficient funds are available to meet employee and supplier obligations at all times.

20 Contingent liabilities and contingent assets

In the opinion of the Directors, the company did not have any contingent assets or liabilities at 30 June 2019 (30 June 2018: Nil)

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:

	2019	2018
	\$	\$
<i>Office building lease</i>		
Within one year	765,718	727,406
Later than 1 year but no greater than 5 years	1,722,603	2,488,321
Later than 5 years	-	-
Total	2,488,321	3,215,727

22 Economic dependency

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

TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

23 Key management personnel

	2019	2018
	\$	\$
Stephen Golding, Allan Krosch, Kathryn Foster and John Frazer were paid as Non-Executive Directors of Transmax. Mark Williamson was paid as Managing Director of Transmax. Lynette Sperling was paid as Acting Chief Executive Officer of Transmax.		
Key management personnel compensation		
Short-term employee benefits	453,920	390,430
Post-employment benefits	42,227	27,552
Termination benefits	203,560	-
Total	699,707	417,982

24 Subsequent events

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

25 Transactions with related parties (continued)

As at 30 June 2019, financial statement items included the following amounts in relation to the Department of Transport and Main Roads (the parent entity):

Sales and purchases transactions

Sale of goods and services (exclusive of GST)	10,694,779	12,260,144
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Outstanding balances arising from sales/purchases of goods and services

Amounts receivable from related parties	2,398,813	1,484,324
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Equity

Contributed equity	601,062	601,062
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TRANSMAX PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

	2019	2018
	\$	\$
Profit/(loss) after income tax	(2,336,201)	976,637
Add adjustments for:		
- adjustments to opening balances due to adoption of AASB15	(224,998)	-
- depreciation and amortisation	1,544,227	1,282,298
- write-off of intangible assets	617,906	10,459
	<hr/>	<hr/>
	(399,066)	2,269,394
- (increase)/decrease in work in progress	(63,076)	2,308,862
- (increase)/decrease in prepayments	(139,674)	9,971
- (increase)/decrease in trade and other receivables	(473,880)	(1,426,874)
- (increase)/decrease in inventories	59,453	(61,889)
- (increase)/decrease in deferred tax assets	(545,588)	(303,639)
- increase/(decrease) in trade and other payables	621,440	61,200
- increase/(decrease) in contract liabilities	427,286	-
- increase/(decrease) in accrued employee benefits	(192,689)	468,421
- increase/(decrease) in deferred tax liabilities	(68,436)	679,147
- increase/(decrease) in unearned revenue	480,401	49,002
- increase/(decrease) in lease incentive liability	(55,400)	(20,184)
- increase/(decrease) in current tax liability	(417,473)	(614,193)
	<hr/>	<hr/>
Cashflow from operations	(766,702)	3,419,218

27 Company details

The business address and registered office of Transmax Pty Ltd is:
5/143 Coronation Drive, Milton, QLD, 4064, Australia

TRANSMAX PTY LTD

DIRECTORS' DECLARATION

In the opinion of the directors of Transmax Pty Ltd:

- (a) The financial statements and notes set out on pages 9 to 34 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 2019 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.

Kathryn Foster
Chair:



.....
Date: 30/10/19

John Frazer
Non-Executive Director:



.....
Date: 30/10/19

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 2019, 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 2019, 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 am also independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

Other information comprises the information included in the Directors' Report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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.



31 October 2019

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane



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