

# Appendix 4D

## Half Year Report

Name of entity

**MAXITRANS INDUSTRIES LIMITED**
**ABN 58 006 797 173**
**Half Year Ended 31 December 2017**

### Results for announcement to the market

**(All comparisons to half-year ended 31 December 2016)**

|                                                                                                                                                                                                                                                                                                                        |                     |     |                             |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----|-----------------------------|---------|
|                                                                                                                                                                                                                                                                                                                        |                     |     |                             | \$A'000 |
| Revenues from ordinary activities                                                                                                                                                                                                                                                                                      | up                  | 25% | to                          | 214,141 |
| Net profit after tax (excluding significant items) attributable to members of the company <sup>1, 2</sup>                                                                                                                                                                                                              | up                  | 27% | to                          | 7,704   |
| Net profit after tax (including significant items) attributable to members of the company                                                                                                                                                                                                                              | up                  | 27% | to                          | 7,704   |
| <b>Dividends (distributions) - Note 2</b>                                                                                                                                                                                                                                                                              | Amount per security |     | Franked amount per security |         |
| Interim dividend – Ordinary shares                                                                                                                                                                                                                                                                                     | 2.00¢               |     | 2.00¢                       |         |
| Previous corresponding period:<br>Interim dividend – Ordinary shares                                                                                                                                                                                                                                                   | 2.00¢               |     | 2.00¢                       |         |
| <div>Record date for determining entitlements to the dividend.</div> <div>23 March 2018</div>                                                                                                                                                                                                                          |                     |     |                             |         |
| Refer to the attached ASX announcement regarding commentary on revenue, earnings (including underlying results) and business outlook.                                                                                                                                                                                  |                     |     |                             |         |
| <sup>(1)</sup> Net profit after tax (excluding significant items) attributable to members of the company is a non-IFRS measure, which has not been subject to review or audit by the Group's external auditors. This measure is presented to enable understanding of the underlying performance of the Group by users. |                     |     |                             |         |
| <sup>(2)</sup> Also referred to as underlying net profit after tax attributable to MXI shareholders.                                                                                                                                                                                                                   |                     |     |                             |         |

**MaxiTRANS Industries Limited**  
**Directors' Report for the half-year ended 31 December 2017**

The Directors of MaxiTRANS Industries Limited submit herewith the financial report for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

**Directors**

The names of the Directors of the Company during or since the end of the half-year are:

|                     |                                                            |
|---------------------|------------------------------------------------------------|
| Mr. Robert H. Wylie | (Chairman since June 2016)                                 |
| Mr. James R. Curtis | (Director Since 1987 – Deputy Chairman since October 1994) |
| Mr. Dean Jenkins    | (Managing Director since March 2017)                       |
| Mr. Joseph Rizzo    | (Director since June 2014)                                 |
| Ms. Samantha Hogg   | (Director since April 2016)                                |

**Review of operations**

Total revenue for 1H18 increased by 25% from 1H17 to \$214.1 million.

The Trailer Business delivered revenue growth in both Australia and New Zealand. The Australian business grew revenue 37% from 1H17, delivered principally from the Coles Supermarkets contract which benefited sales of the temperature-controlled Maxi-CUBE and general freight Freighter products. Notwithstanding the Coles contract, we saw a strong increase in sales of the Freighter products over the prior corresponding period. Sales of tipper products continued at similar levels to the prior corresponding period, which is a strong result given the buoyant conditions experienced last year. Increased production rates and improved warranty performance assisted profit which improved 40% above 1H17.

Growth from key existing customers and the regulation changes previously discussed, assisted our New Zealand business to increase sales revenue by 45%, however, profit was adversely impacted by a number of one-off warranty claims.

Revenue in the Parts & Components segment was 20% higher than pcp and profit improved 12% above 1H17. External revenue from the MaxiPARTS business improved 10% and together with revenue growth from supply to other MaxiTRANS' businesses, delivered profit growth of 28%.

Whilst revenue from our China business improved 12% in local currency terms, movement in exchange rates reduced reported revenue growth to 7% above 1H17. However, profit from the business was significantly adversely impacted by increases in material costs that could not be recovered in pricing due to fixed customer contracts that have largely been completed.

Strong underlying trading resulted in an operating cashflow of \$6.9m, an improvement of \$4.9m above 1H17.

**Outlook**

The Australian Trailer business has entered 2H18 with a stronger order book than the same time last year, with significantly greater orders for the general freight-carrying Freighter products. There are a number of opportunities in the market and we expect to benefit from these as they arise. Order books for the temperature controlled Maxi-CUBE products and our tipper products are lower than the same time last year.

In the Parts and Components segment, we expect to see further improved performance from MaxiPARTS.

Entering the second half of FY18 with a strong order book, we are expecting an improved profit result in New Zealand in second half of FY18.

The Company continues to execute on its strategy with a growing product development pipeline, gains in operational efficiency, a focussed programme of organisational development and investment in growth activities in our existing markets and new market opportunities.

### **Dividend**

The Directors have declared a fully franked interim dividend of 2 cents per share payable on 13 April, 2018 to holders on the record date, 23 March, 2018. This represents a 48% payout ratio of NPAT.

### **Auditor's independence declaration**

The independence declaration of our auditor, KPMG, in accordance with s. 307C of the Corporations Act 2001 is set out on page 4 for the half year ended 31 December 2017 and forms part of the Directors' report.

### **Rounding of amounts**

The parent entity has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and accordingly, amounts in the interim financial statements and the Director's Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'D. Jenkins', written over a horizontal line.

Dean Jenkins  
Managing Director

Melbourne, 23 February 2018

## DIRECTORS' DECLARATION

In the opinion of the Directors of MaxiTRANS Industries Limited ("the Company"):

- 1 the interim consolidated financial statements and notes set out on pages 6 to 15, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- 2 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 for and on behalf of the Board in accordance with a resolution of Directors made pursuant to s.303(5) of the Corporations Act 2001.



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Dean Jenkins  
Managing Director

Melbourne, 23 February 2018



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of MaxiTRANS Industries Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'Suzanne Bell'.

KPMG

A handwritten signature in black ink that reads 'Suzanne Bell'.

Suzanne Bell

*Partner*

Melbourne

23 February 2018

**CONSOLIDATED INCOME STATEMENT AND  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

|                                                                                      | 31 Dec 2017<br>\$'000 | 31 Dec 2016<br>\$'000 |
|--------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>CONSOLIDATED INCOME STATEMENT</b>                                                 | <b>Note</b>           |                       |
| Sale of goods                                                                        | 207,294               | 161,835               |
| Rendering of services                                                                | 6,847                 | 9,756                 |
| Changes in inventories of finished goods and work in progress                        | 9,374                 | 2,868                 |
| Raw materials and consumables used                                                   | (143,494)             | (107,068)             |
| Interest income                                                                      | 29                    | 29                    |
| Other income                                                                         | 38                    | 426                   |
| Employee expenses and contract labour                                                | (50,629)              | (41,537)              |
| Warranty expenses                                                                    | (1,277)               | (661)                 |
| Depreciation and amortisation expenses                                               | (2,578)               | (2,404)               |
| Finance costs                                                                        | (1,206)               | (1,170)               |
| Other expenses                                                                       | (14,474)              | (13,892)              |
| Share of net profits of joint ventures accounted for using the equity method         | 671                   | 408                   |
| <b>Profit before income tax</b>                                                      | <b>10,596</b>         | <b>8,590</b>          |
| Income tax expense                                                                   | (2,841)               | (2,259)               |
| <b>Profit for the period</b>                                                         | <b>7,755</b>          | <b>6,331</b>          |
| Profit attributable to:                                                              |                       |                       |
| Equity holders of the company                                                        | 7,704                 | 6,074                 |
| Non-controlling interests                                                            | 51                    | 257                   |
| <b>Profit for the period</b>                                                         | <b>7,755</b>          | <b>6,331</b>          |
| <b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>                                |                       |                       |
| <b>Profit for the period</b>                                                         | <b>7,755</b>          | <b>6,331</b>          |
| <b>Other comprehensive income</b>                                                    |                       |                       |
| <i>Items that will not be reclassified to profit or loss:</i>                        |                       |                       |
| Revaluation of land and buildings                                                    | 1,272                 | 2,260                 |
| Related tax                                                                          | (373)                 | (678)                 |
| <b>Total items that will never be reclassified to profit or loss</b>                 | <b>899</b>            | <b>1,582</b>          |
| <i>Items that may subsequently be reclassified to profit or loss:</i>                |                       |                       |
| Net exchange difference on translation of financial statements of foreign operations | 581                   | 112                   |
| Effective portion of changes in fair value of cash flow hedges                       | 6                     | 147                   |
| Related tax                                                                          | (2)                   | (44)                  |
| <b>Total items that may subsequently be reclassified to profit or loss</b>           | <b>585</b>            | <b>215</b>            |
| <b>Other comprehensive income for the period, net of income tax</b>                  | <b>1,484</b>          | <b>1,797</b>          |
| <b>Total comprehensive income for the period</b>                                     | <b>9,239</b>          | <b>8,128</b>          |
| Total comprehensive income attributable to:                                          |                       |                       |
| Equity holders of the company                                                        | 9,157                 | 7,897                 |
| Non-controlling interests                                                            | 82                    | 231                   |
| <b>Total comprehensive income for the period</b>                                     | <b>9,239</b>          | <b>8,128</b>          |
| <b>Earnings per share</b>                                                            |                       |                       |
| Basic earnings per share (cents per share)                                           | 4.16¢                 | 3.28¢                 |
| Diluted earnings per share (cents per share)                                         | 4.16¢                 | 3.28¢                 |
|                                                                                      | <b>Number</b>         | <b>Number</b>         |
| <i>Weighted average number of shares:</i>                                            |                       |                       |
| Number for basic earnings per share                                                  | 185,075,653           | 185,075,653           |
| Number for diluted earnings per share                                                | 185,075,653           | 185,075,653           |
| <i>Net Tangible Assets Backing (cents per share)</i>                                 | <b>52.95¢</b>         | <b>50.11¢</b>         |
| <i>Net Assets Backing (cents per share)</i>                                          | <b>73.08¢</b>         | <b>70.02¢</b>         |

The consolidated income statement and consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the consolidated half-year financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

|                                                             | Note | 31 Dec 2017<br>\$'000 | 30 Jun 2017<br>\$'000 |
|-------------------------------------------------------------|------|-----------------------|-----------------------|
| <b>Current Assets</b>                                       |      |                       |                       |
| Cash and cash equivalents                                   |      | 8,516                 | 6,140                 |
| Trade and other receivables                                 |      | 40,238                | 43,507                |
| Inventories                                                 |      | 65,037                | 60,368                |
| Current tax asset                                           |      | 1,768                 | 1,209                 |
| Other                                                       |      | 2,542                 | 1,562                 |
| <b>Total Current Assets</b>                                 |      | <b>118,101</b>        | <b>112,786</b>        |
| <b>Non-Current Assets</b>                                   |      |                       |                       |
| Investments in Associates                                   | 3    | 4,500                 | 4,442                 |
| Property, plant & equipment                                 |      | 92,978                | 88,526                |
| Intangible assets                                           |      | 37,262                | 37,517                |
| Deferred tax assets                                         |      | 481                   | 472                   |
| Other                                                       |      | 1,181                 | 1,135                 |
| <b>Total Non-Current Assets</b>                             |      | <b>136,402</b>        | <b>132,092</b>        |
| <b>Total Assets</b>                                         |      | <b>254,503</b>        | <b>244,878</b>        |
| <b>Current Liabilities</b>                                  |      |                       |                       |
| Trade and other payables                                    |      | 49,332                | 52,600                |
| Interest bearing loans and borrowings                       |      | 4,339                 | 2,563                 |
| Current tax liability                                       |      | 84                    | 118                   |
| Deferred Revenue                                            |      | 2,528                 | 1,385                 |
| Provisions                                                  |      | 13,512                | 12,421                |
| <b>Total Current Liabilities</b>                            |      | <b>69,795</b>         | <b>69,087</b>         |
| <b>Non-Current Liabilities</b>                              |      |                       |                       |
| Interest bearing loans and borrowings                       |      | 47,021                | 45,134                |
| Deferred tax liabilities                                    |      | 1,282                 | 752                   |
| Provisions                                                  |      | 1,100                 | 1,144                 |
| Other                                                       |      | 40                    | 34                    |
| <b>Total Non-Current Liabilities</b>                        |      | <b>49,443</b>         | <b>47,064</b>         |
| <b>Total Liabilities</b>                                    |      | <b>119,238</b>        | <b>116,151</b>        |
| <b>Net Assets</b>                                           |      | <b>135,265</b>        | <b>128,727</b>        |
| <b>Equity</b>                                               |      |                       |                       |
| Issued capital                                              |      | 56,386                | 56,386                |
| Reserves                                                    |      | 19,052                | 17,481                |
| Retained earnings                                           |      | 58,424                | 53,539                |
| <b>Equity attributable to equity holders of the company</b> |      | <b>133,862</b>        | <b>127,406</b>        |
| Non-controlling interest                                    |      | 1,403                 | 1,321                 |
| <b>Total Equity</b>                                         |      | <b>135,265</b>        | <b>128,727</b>        |

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

| Note                                                                                 | Issued<br>capital<br>\$'000 | Asset<br>revaluation<br>reserve <sup>1</sup><br>\$'000 | Retained<br>earnings<br>\$'000 | Non-<br>controlling<br>interest<br>\$'000 | Other<br>reserves <sup>2</sup><br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------|--------------------------------|-------------------------------------------|------------------------------------------|-----------------|
| <b>Balance as at 1 July 2016</b>                                                     | 56,386                      | 12,605                                                 | 48,337                         | 1,971                                     | 4,038                                    | 123,337         |
| <b>Comprehensive income for the period</b>                                           |                             |                                                        |                                |                                           |                                          |                 |
| Profit for the period                                                                | -                           | -                                                      | 6,074                          | 257                                       | -                                        | 6,331           |
| <i>Other comprehensive income</i>                                                    |                             |                                                        |                                |                                           |                                          |                 |
| Net exchange difference on translation of financial statements of foreign operations | -                           | -                                                      | -                              | (26)                                      | 138                                      | 112             |
| Revaluation of land and buildings                                                    | -                           | 1,582                                                  | -                              | -                                         | -                                        | 1,582           |
| Effective portion of changes in fair value of cash flow hedges                       | -                           | -                                                      | -                              | -                                         | 103                                      | 103             |
| <b>Total comprehensive income for the period</b>                                     | -                           | 1,582                                                  | 6,074                          | 231                                       | 241                                      | 8,128           |
| <b>Transactions with owners, recorded directly in equity</b>                         |                             |                                                        |                                |                                           |                                          |                 |
| Dividends to equity holders 2                                                        | -                           | -                                                      | (1,851)                        | (135)                                     | -                                        | (1,986)         |
| Share based payment transactions                                                     | -                           | -                                                      | -                              | -                                         | 111                                      | 111             |
| <b>Total transactions with owners</b>                                                | -                           | -                                                      | (1,851)                        | (135)                                     | 111                                      | (1,875)         |
| <b>Balance 31 December 2016</b>                                                      | 56,386                      | 14,187                                                 | 52,560                         | 2,067                                     | 4,390                                    | 129,590         |
| <b>Balance as at 1 July 2017</b>                                                     | 56,386                      | 15,121                                                 | 53,539                         | 1,321                                     | 2,360                                    | 128,727         |
| <b>Comprehensive income for the period</b>                                           |                             |                                                        |                                |                                           |                                          |                 |
| Profit for the period                                                                | -                           | -                                                      | 7,704                          | 51                                        | -                                        | 7,755           |
| <i>Other comprehensive income</i>                                                    |                             |                                                        |                                |                                           |                                          |                 |
| Net exchange difference on translation of financial statements of foreign operations | -                           | -                                                      | -                              | 31                                        | 550                                      | 581             |
| Revaluation of land and buildings                                                    | -                           | 899                                                    | -                              | -                                         | -                                        | 899             |
| Effective portion of changes in fair value of cash flow hedges                       | -                           | -                                                      | -                              | -                                         | 4                                        | 4               |
| <b>Total comprehensive income for the period</b>                                     | -                           | 899                                                    | 7,704                          | 82                                        | 554                                      | 9,239           |
| <b>Transactions with owners, recorded directly in equity</b>                         |                             |                                                        |                                |                                           |                                          |                 |
| Dividends to equity holders 2                                                        | -                           | -                                                      | (2,776)                        | -                                         | -                                        | (2,776)         |
| Final dividend to previous minority shareholder                                      |                             |                                                        | (12)                           |                                           |                                          | (12)            |
| Final payment for 20% minority share purchased on 30 Jun 2017                        |                             |                                                        | (31)                           |                                           |                                          | (31)            |
| Share based payment transactions                                                     | -                           | -                                                      | -                              | -                                         | 118                                      | 118             |
| <b>Total transactions with owners</b>                                                | -                           | -                                                      | (2,819)                        | -                                         | 118                                      | (2,701)         |
| <b>Balance 31 December 2017</b>                                                      | 56,386                      | 16,020                                                 | 58,424                         | 1,403                                     | 3,032                                    | 135,265         |

**1. Asset revaluation reserve**

The asset revaluation reserve includes the net revaluation increments arising from the revaluation of land and buildings.

**2. Other reserves**

Other reserves comprises the foreign currency translation reserve, share based payment reserve and hedging reserve.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

|                                                            | 31 Dec 2017    | 31 Dec 2016    |
|------------------------------------------------------------|----------------|----------------|
|                                                            | \$'000         | \$'000         |
| <b>Cash Flows from Operating Activities</b>                |                |                |
| Receipts from customers                                    | 238,629        | 197,331        |
| Payments to suppliers & employees                          | (228,489)      | (192,262)      |
| Interest received                                          | 29             | 29             |
| Interest & other costs of finance paid                     | (1,206)        | (1,170)        |
| Income tax paid                                            | (2,104)        | (1,894)        |
| <b>Net Cash Provided by/(Used in) Operating Activities</b> | <b>6,859</b>   | <b>2,034</b>   |
| <b>Cash Flows from Investing Activities</b>                |                |                |
| Payments for property, plant & equipment                   | (6,039)        | (4,434)        |
| Acquisition of subsidiary (net of cash)                    | (31)           |                |
| Dividends received                                         | 613            | 385            |
| Proceeds from sale of property, plant & equipment          | 110            | 206            |
| <b>Net Cash Provided by/(Used in) Investing Activities</b> | <b>(5,347)</b> | <b>(3,843)</b> |
| <b>Cash Flows from Financing Activities</b>                |                |                |
| Proceeds from borrowings                                   | 5,677          | 2,297          |
| Repayment of borrowings                                    | (1,900)        | (3,240)        |
| Payment of finance lease liabilities                       | (114)          | (110)          |
| Dividends paid                                             | (2,788)        | (1,986)        |
| <b>Net Cash Provided by/(Used in) Financing Activities</b> | <b>875</b>     | <b>(3,039)</b> |
| Net increase/(decrease) in cash                            | 2,387          | (4,848)        |
| Cash and cash equivalents 1 July                           | 6,140          | 10,831         |
| Effect of exchange rate fluctuations on cash held          | (11)           | (9)            |
| <b>Cash and cash equivalents 31 December</b>               | <b>8,516</b>   | <b>5,974</b>   |
| <b>Reconciliation of cash</b>                              |                |                |
| <b>Cash at bank and on hand</b>                            | <b>8,516</b>   | <b>5,974</b>   |

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

## **NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

### **1. Statement of Compliance and Significant Accounting Policies**

#### **Reporting entity**

MaxiTRANS Industries Limited (the "Company") is a company domiciled in Australia and its registered office is 346 Boundary Road, Derrimut, Victoria. The consolidated interim financial statements of the Company as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at 346 Boundary Rd, Derrimut, Victoria or at [www.maxitrans.com](http://www.maxitrans.com)

#### **Statement of compliance**

The consolidated interim financial statements are a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial statements do not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2017.

This consolidated interim financial statements were approved by the Board of Directors on 23 February 2018.

The Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and, accordingly, amounts in the interim financial statements have been rounded to the nearest thousand dollars unless specifically stated otherwise.

The financial report contains comparative information that has been adjusted to align with the presentation of the current period, where necessary.

#### **Significant accounting policies**

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2017.

#### **Impact of standards issued but not yet applied by the entity:**

AASB 16 *Leases* - requires companies to bring most leases on-balance sheet, which will likely result in the recognition of new assets and liabilities for assets currently classified as an operating lease under AASB 117 *Leases*. In addition, there are likely to be changes to the timing of amounts recognised in the income statement. The new standard will be applied for the annual reporting period ending 30 June 2020.

AASB 15 *Revenue from contracts with customers* - applicable for annual reporting periods beginning on or after 1 January 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at point in time or over time. The model features a contract based five step analysis of transactions to determine whether, how much and when revenue is recognised.

IFRS 9 *Financial Instruments* - applicable for annual reporting periods beginning on or after 1 January 2018. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the general hedge accounting requirements previously published. It supersedes AASB 9 (issued in December 2009 - as amended) and AASB 9 (issued in December 2010 - as amended).

The Group expects to adopt these standards in the financial year they apply. The financial impact of adopting the new or amended standards is in the process of being determined.

#### **Accounting Estimates and Judgements**

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2017.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

**2. Dividends**

|               |               |
|---------------|---------------|
| <b>31 Dec</b> | <b>31 Dec</b> |
| <b>2017</b>   | <b>2016</b>   |
| <b>\$'000</b> | <b>\$'000</b> |

**Dividends paid:**

A final dividend of 1.50 cent (2016: 1.00 cent) per share franked at the rate of 30% was paid for the financial year ended 30 June 2017.

|              |              |
|--------------|--------------|
| <b>2,776</b> | <b>1,851</b> |
|--------------|--------------|

**Dividends proposed:**

Interim dividend of 2.00 (2016: 2.00) cents per share franked at the rate of 30% (2016: 30%).

|              |              |
|--------------|--------------|
| <b>3,702</b> | <b>3,702</b> |
|--------------|--------------|

**Dividend franking account**

Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years

|               |               |
|---------------|---------------|
| <b>23,840</b> | <b>21,111</b> |
|---------------|---------------|

On 23 February 2018, the Directors have declared a fully franked interim dividend of 2.00 cents per share, payable on 13 April 2018 to holders of ordinary shares at the record date, 23 March 2018. No liability has been recorded in relation to this dividend at 31 December 2017.

The above franking credits available amounts are based on the balance of the dividend franking account at 31 December 2017 adjusted for franking debits that will arise from the payment of dividends recognised as a liability at period-end and franking credits that will arise from the payment of tax liabilities.

The operation of the Company's dividend reinvestment plan ('DRP') was suspended on 21 June 2011 until further notice and will not apply to the above dividend.

**3. Investment in Associate**

| Name of Entity                               | Principal Activity                                                    | Ownership Interest |               |
|----------------------------------------------|-----------------------------------------------------------------------|--------------------|---------------|
|                                              |                                                                       | 31 Dec 2017        | 30 Jun 2017   |
|                                              |                                                                       | %                  | %             |
| Trailer Sales Pty Ltd                        | Trailer retailer. Repair and service provider.<br>Sale of Spare parts | 36.67              | 36.67         |
|                                              |                                                                       | <b>\$'000</b>      | <b>\$'000</b> |
| Carrying amount of investments in associates |                                                                       | <b>4,500</b>       | <b>4,442</b>  |

**4. Bank Facilities**

Core Australian and New Zealand loan facilities of \$70.0m mature as follows, subject to continuing compliance with the terms of the facilities:

- \$40.0m in June 2020
- \$30.0m in June 2022

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

**5. Segment Information**

It is the Group's policy that inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-bearing loans, borrowings and expenses, and corporate assets and expenses. Total finance costs of the Group are included in unallocated corporate costs.

**Six months ended 31 December 2017**

| <b>Business Segments</b>                            | <b>Trailer<br/>Solutions</b> | <b>Parts &amp;<br/>components</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|-----------------------------------------------------|------------------------------|-----------------------------------|---------------------|---------------------|
|                                                     | <b>\$'000</b>                | <b>\$'000</b>                     | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>Revenue</b>                                      |                              |                                   |                     |                     |
| External segment revenue                            | 154,046                      | 60,095                            | -                   | 214,141             |
| Inter-segment revenue                               | 5,567                        | 14,902                            | (20,469)            | -                   |
| <b>Total segment revenue</b>                        | <b>159,613</b>               | <b>74,997</b>                     | <b>(20,469)</b>     | <b>214,141</b>      |
| Unallocated sundry revenue                          |                              |                                   |                     | -                   |
| <b>Total Revenue</b>                                |                              |                                   |                     | <b>214,141</b>      |
| <b>Segment Result</b>                               |                              |                                   |                     |                     |
| Segment net profit before tax                       | 12,346                       | 4,650                             | -                   | 16,996              |
| Share of net profit of equity accounted investments |                              |                                   |                     | 671                 |
| Unallocated corporate expenses                      |                              |                                   |                     | (7,071)             |
| Profit before related income tax expense            |                              |                                   |                     | 10,596              |
| Income tax expense                                  |                              |                                   |                     | (2,841)             |
| <b>Net profit</b>                                   |                              |                                   |                     | <b>7,755</b>        |
| <b>As at 31 December 2017</b>                       |                              |                                   |                     |                     |
| <b>Assets</b>                                       |                              |                                   |                     |                     |
| Segment assets                                      | 147,986                      | 85,217                            | -                   | 233,203             |
| Unallocated corporate assets                        |                              |                                   |                     | 21,300              |
| <b>Consolidated total assets</b>                    |                              |                                   |                     | <b>254,503</b>      |
| <b>Liabilities</b>                                  |                              |                                   |                     |                     |
| Segment liabilities                                 | 61,767                       | 27,332                            | -                   | 89,099              |
| Unallocated corporate liabilities                   |                              |                                   |                     | 30,139              |
| <b>Consolidated total liabilities</b>               |                              |                                   |                     | <b>119,238</b>      |

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

**5. Segment Information (cont.)**

**Six months ended 31 December 2016**

| <b>Business Segments</b>                            | <b>Trailer<br/>Solutions</b> | <b>Parts &amp;<br/>components</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|-----------------------------------------------------|------------------------------|-----------------------------------|---------------------|---------------------|
|                                                     | <b>\$'000</b>                | <b>\$'000</b>                     | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>Revenue</b>                                      |                              |                                   |                     |                     |
| External segment revenue                            | 115,973                      | 55,618                            | -                   | 171,591             |
| Inter-segment revenue                               | 569                          | 6,849                             | (7,418)             | -                   |
| <b>Total segment revenue</b>                        | <b>116,542</b>               | <b>62,467</b>                     | <b>(7,418)</b>      | <b>171,591</b>      |
| Unallocated sundry revenue                          |                              |                                   |                     | -                   |
| <b>Total Revenue</b>                                |                              |                                   |                     | <b>171,591</b>      |
| <b>Segment Result</b>                               |                              |                                   |                     |                     |
| Segment net profit before tax                       | 8,809                        | 4,164                             | -                   | 12,973              |
| Share of net profit of equity accounted investments |                              |                                   |                     | 408                 |
| Unallocated corporate expenses                      |                              |                                   |                     | (4,791)             |
| Profit before related income tax expense            |                              |                                   |                     | 8,590               |
| Income tax expense                                  |                              |                                   |                     | (2,259)             |
| <b>Net profit</b>                                   |                              |                                   |                     | <b>6,331</b>        |
| <b>As at 30 Jun 2017</b>                            |                              |                                   |                     |                     |
| <b>Assets</b>                                       |                              |                                   |                     |                     |
| Segment assets                                      | 149,382                      | 75,651                            | -                   | 225,033             |
| Unallocated corporate assets                        |                              |                                   |                     | 19,845              |
| <b>Consolidated total assets</b>                    |                              |                                   |                     | <b>244,878</b>      |
| <b>Liabilities</b>                                  |                              |                                   |                     |                     |
| Segment liabilities                                 | 55,250                       | 27,288                            | -                   | 82,538              |
| Unallocated corporate liabilities                   |                              |                                   |                     | 33,613              |
| <b>Consolidated total liabilities</b>               |                              |                                   |                     | <b>116,151</b>      |

**SECONDARY REPORTING**

The Group's external revenues are predominately derived from customers located within Australia. The customer base is sufficiently diverse to ensure the Group is not reliant on any particular customer. The Group's assets and capital expenditure activities are predominantly located within Australia.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

**6. Financial Instruments**

**Carrying amounts and fair values**

Fair Value Measurement requires that financial and non-financial assets and liabilities measured at fair value be disclosed according to their position in the fair value hierarchy.

This hierarchy has three levels. Level 1 is based on quoted prices in active markets for identical assets; Level 2 is based on quoted prices or other observable market data not included in Level 1; while Level 3 valuations are based on inputs other than observable market data.

The following table presents MaxiTRANS assets and liabilities measured and recognised at fair value and their classification within the fair value hierarchy at 31 December 2017.

| <b>As at 31 December 2017</b> | <b>Level 1<br/>\$'000</b> | <b>Level 2<br/>\$'000</b> | <b>Level 3<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|-------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| Financial assets              |                           |                           |                           |                         |
| Derivatives                   | -                         | -                         | -                         | -                       |
| Non-financial assets          |                           |                           |                           |                         |
| Land and buildings            | -                         | -                         | 43,784                    | 43,784                  |
|                               | -                         | -                         | 43,784                    | 43,784                  |
| Financial Liabilities         |                           |                           |                           |                         |
| Derivatives                   | -                         | (132)                     | -                         | (132)                   |
|                               | -                         | (132)                     | 43,784                    | 43,652                  |
| <b>As at 30 June 2017</b>     | <b>Level 1<br/>\$'000</b> | <b>Level 2<br/>\$'000</b> | <b>Level 3<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| Financial assets              |                           |                           |                           |                         |
| Derivatives                   | -                         | -                         | -                         | -                       |
| Non-financial assets          |                           |                           |                           |                         |
| Land and buildings            | -                         | -                         | 43,325                    | 43,325                  |
|                               | -                         | -                         | 43,325                    | 43,325                  |
| Financial Liabilities         |                           |                           |                           |                         |
| Derivatives                   | -                         | (193)                     | -                         | (193)                   |
|                               | -                         | (193)                     | 43,325                    | 43,132                  |

The fair value of Level 2 financial instruments is determined by reference to observable inputs from markets not considered active. The forward foreign currency exchange contracts and interest rate swaps are priced with reference to an active yield or rate, but with an adjustment applied to reflect the timing of maturity dates. Level 3 assets include MaxiTRANS land and buildings reflecting the use of directly unobservable market inputs in their valuation.

Formal valuations were obtained at 31 December 2017 for the New Zealand property and at 31 December 2016 for all properties held in Australia.

Valuations are conducted by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The following table presents the changes in Level 3 assets during the half year ended 31 December 2017 for recurring fair value measurements of non-financial assets.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

**6. Financial Instruments (cont'd)**

|                                                              | <b>Land and Buildings<br/>\$'000</b> |
|--------------------------------------------------------------|--------------------------------------|
| <b>Opening balance as at 1 July 2017</b>                     | 43,325                               |
| Fair value revaluation                                       | 1,272                                |
| Additions                                                    | 10                                   |
| Disposals                                                    | -                                    |
| Depreciation recognised in the consolidated income statement | (268)                                |
| Exchange rate variance                                       | (555)                                |
| <b>Closing balance as at 31 December 2017</b>                | <b>43,784</b>                        |

The following table provides quantitative information about the significant unobservable inputs used in Level 3 fair value measurements including the sensitivity of fair value measurement to changes in the noted unobservable inputs.

| <b>Description</b> | <b>Fair Value<br/>\$'000</b> | <b>Valuation<br/>Technique</b>              | <b>Unobservable<br/>Inputs</b>                                                                     | <b>Fair Value<br/>Movement Due<br/>to +/- Change in<br/>Unobservable<br/>Inputs<br/>\$'000</b> |
|--------------------|------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Land and Buildings | 43,784                       | Highest and best use to market participants | Derived assumptions including rents, yields and discount rates obtained from analysed transactions | 1,272                                                                                          |

**7. Events Subsequent to Reporting Date**

There have been no events subsequent to the reporting date which would have a material effect on the Group's consolidated interim financial statements at 31 December 2017.



Campbell Richards  
Company Secretary

Melbourne, 23 February 2018



# Independent Auditor's Review Report

To the members of MaxiTRANS Industries Limited

## Report on the Interim Financial Statements

### Conclusion

We have reviewed the accompanying *Interim Financial Statements* of MaxiTRANS Industries Limited

Based on our review, which is not an audit, we have not become aware of matter that makes us believe that the Interim Financial Statements of MaxiTRANS Industries Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the *Group's* financial position as at 31 December 2017 and of its performance for the six months ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Interim Financial Statements* comprises:

- Consolidated statement of financial position as at 31 December 2017
- Consolidated income statement and consolidated statement of comprehensive income, Consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended on that date
- Notes 1 to 7 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The *Group* comprises MaxiTRANS Industries Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.



## Responsibilities of the Directors for the Interim Financial Statements

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Statements that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Statements that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Interim Financial Statements

Our responsibility is to express a conclusion on the Interim Financial Statements based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Statements is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the Interim Period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of MaxiTRANS Industries Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

The KPMG logo, consisting of the letters 'KPMG' in a stylized, handwritten-style font.

KPMG

A handwritten signature in cursive script, appearing to read 'S Bell'.

Suzanne Bell  
Partner  
Melbourne, Australia  
23 February 2018