



Transmax Pty Ltd

ACN 099 487 573

**GENERAL PURPOSE
FINANCIAL STATEMENTS
FOR YEAR ENDED
30 JUNE 2013**

September

TRANSMAX

Prepared By:

**Transmax Pty Ltd
37 Redgum Place
Gaythorne, Queensland, 4051
AUSTRALIA**

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DIRECTORS' REPORT

The directors present their report together with the financial report of Transmax for the year ended 30 June 2013.

Directors

Catherine Ford (Chair – non-executive)

Catherine Ford was appointed as Chair of Transmax in September 2011. Ms. Ford is also a Chair at Smart Transport Research Centre, General Manager – Consulting at Data#3 and Managing Director of Avelis.

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

Stephen Golding (Non-executive director)

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

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

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.

Amelia Hodge (Non-executive director)

Amelia Hodge was appointed as a director of Transmax in September 2011. Ms. Hodge is also currently a non-executive director of Gladstone Area Water Board and serves as a member of the Great Artesian Basin Advisory Council on behalf of the Office for Women.

Amelia has extensive senior management experience acquired across a range of private, public and local government sector organisations and projects. She is currently employed by Origin Energy Limited.

Amelia has completed the Harvard University Kennedy School of Government Infrastructure and the Market Economy Executive Program and is a member of the Australian Institute of Company Directors and several professional associations. She is currently completing her Executive MBA with UNSW to complement her qualifications of a Bachelor of Laws and Graduate Certificate in Property Economics.

Allan Krosch (Non-executive director)

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

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

Mark Williamson (Non-executive director)

Mark Williamson was appointed as a director of Transmax in September 2011. Mr. Williamson (MAICD) is an experienced director having held a number of non-executive roles in the past. Mark is a director of CS Energy, Deputy Chairman of Energy Super and St Margaret's Girls School Foundation Board. He is also the Chairman of ESI Financial Services and a Director of Royal Queensland Gold Club.

Mark is principal of his own business advisory company Mark Williamson and Associates Pty Ltd.

Company Secretary

Peter Sedgley

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

Directors' meetings

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

Director	Board Meetings		Business Development Committee Meetings		Finance & Audit Committee Meetings	
	A	B	A	B	A	B
C Ford	12	12	8	10	-	-
S Golding	10	12	10	10	-	-
A Hodge	7	12	-	-	10	12
A Krosch	12	12	-	-	12	12
M Williamson	8	12	9	10	-	-

A – Number of meeting attended

B – Number of meetings held during the time the director held office during the year

TABLE OF DIRECTORS' MEETINGS

Corporate Governance Statement

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

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

Board of directors

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

With the introduction of the new Board from September 2011, Transmax now complies with the independence principle.

Composition of the board

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

Catherine Ford (Chair)
Stephen Golding (Non-executive director)
Amelia Hodge (Non-executive director)
Allan Krosch (Non-executive director)
Mark Williamson (Non-executive director)

All directors are non-executive directors and together provide a mix of strategic, financial, managerial and technical skills. The directors meet regularly throughout the year.

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

Business development committee

The business development committee was established in June 2012 and aims to develop better marketing strategies to improve the business development pipelining and forecasting. Committee members include:

- Mark Williamson (Chairperson) – independent non-executive
- Cathy Ford – independent non-executive
- Steve Golding – independent non-executive
- Chief Operating Officer
- Business Development Manager

Other company officers are invited to these committee meetings at the discretion of the committee. The committee meets monthly unless otherwise required. The committee members' attendance record is disclosed in the Table of Directors' Meetings on page 2.

Finance & audit committee

The finance and audit committee was established in July 2012. The committee advises on the formation and maintenance of a framework of internal controls and appropriate ethical standards for the management of the company. Committee members include:

- Amelia Hodge (Chairperson) – independent non-executive
- Allan Krosch – independent non-executive
- Chief Executive Officer or Chief Operating Officer
- Chief Financial Officer

The Chair, external auditors and other company officers are invited to these meetings at the discretion of the committee. The committee meets monthly unless otherwise required. The committee members' attendance record is disclosed in the Table of Directors' Meetings on page 2.

Internal control framework

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

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

The role of the shareholder

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

Independent professional advice and access to company information

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

Directors' interests and benefits

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

All directors' payments are included within the key personnel note 26.

Indemnification and insurance of directors and officers

There was Director Insurance pursuant to the cover extended by a policy held by the Queensland Government (Queensland Government Insurance Fund) for Transmax directors.

During the year Transmax Pty Ltd paid a premium of \$8,458 to insure the directors, secretary, and officers of the company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities from conduct involving a wilful breach of duty by the officers or

the improper use of their position or of information to gain advantage for themselves, or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other possibilities.

Deeds of Access, Insurance and Indemnity have been executed between the company and the directors.

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 Framework. These include the involvement of directors in the Finance & Audit Committee and the Business Development Committee.

Principal activities

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

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

Dividends

Dividends have not been declared or paid for the year ended 30 June 2013.

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. On 1 July 2012, Transport Holdings Queensland Pty Ltd was deregistered and all the shares held in Transmax Pty Ltd were transferred to the sole shareholder, the Director-General, Queensland Department of Transport and Main Roads (TMR). As a result of this, TMR became the parent entity of Transmax Pty Ltd.

Review of operations

The profit (loss) before income tax for the financial year was \$796,799. This represents an increase of \$532,116 over the prior reporting period ended 30 June 2012. Revenue increased by approximately 7.37% due to an increase in engineering and software services revenue and equipment and third party licence revenue.

- Engineering and software services increased by 7.55%
- Equipment and third party licence revenue increased by 9.00%
- Data network services decreased by 27.47%

With declining Queensland Government investment in ITS, it was important during the year for Transmax to build and leverage the growing appetite and innovation of other road authorities to drive the company's product and service offerings forward. Transmax continued to actively market its integrated ITS Platform STREAMS to the Australian market, including regular discussions with existing customers to increase the scope of work that Transmax could undertake to help them meet their ITS requirements. In Victoria, this included the significant VicRoads MMS replacement project,

M80 enhancements and the Video IP project. In Queensland, this included the South East Queensland consolidation project, SEQ platform improvements, VMS and calendar enhancement projects, and in South Australia the Superway ITS integration.

A key company highlight in regard to new customer engagement was progressing to the final stages negotiations with MRWA for the procurement of STREAMS. A successful bid process over 12 months is targeted to be finalised early in the 2013-14 financial year. Other highlights include commencing collaboration with New South Wales for the commissioning of a STREAMS trial system, and a bid submission for the M5 Operations Management Control System, which is located in south west Sydney and is a key part of the Sydney Orbital Network. The company's key international effort during the year was a joint bid submission to Transport for London for the London Streets Tunnel Operations Centre (LSTOC) opportunity.

During the year, Transmax finalised development of the commercial off-the-shelf (COTS) solutions Managed Motorways and the STREAMS interface to SCATS, and in October 2012 the company released STREAMS 12.1, its largest and most complex release to date.

General

Staff and contractor numbers have decreased over the period, with a total full-time-equivalent of 81 at 30 June 2013.

Taxation

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

A Research and Development Concession application was made for the year ended 30 June 2012 and has resulted in a tax rebate claim of \$517,454. The application for a Research and Development Concession for the 2013 financial year has not been finalised.

Events subsequent to financial position date

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

Likely developments

Transmax will increase its focus on establishing a STREAMS presence in other domestic markets. This will be crucial to achieving the customer base growth required to underpin further development of the STREAMS product.

Environmental regulation

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

Going concern basis

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

Auditor

The Auditor-General continues to provide audit services in accordance with section 325 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.


.....
Stephen Golding
Chairman (Acting)

.....
27 Aug 2013
Date


.....
Charles Commins
Chief Executive Officer

.....
27/8/13
Date

AUDITOR'S INDEPENDENCE DECLARATION

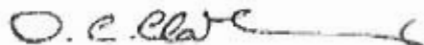
To the Directors of Transmax Pty Ltd

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

Independence Declaration

As lead auditor for the audit of Transmax Pty Ltd for the year ended 30 June 2013, 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.



O C CLARE FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

STATEMENT OF COMPREHENSIVE INCOME
 for the financial year ended 30 June 2013

	Notes	2013 \$	2012 \$
Continuing Operations			
Revenue	3	12,805,815	11,927,354
Cost of sales	4	(6,397,437)	(7,039,170)
Gross profit		<u>6,408,378</u>	<u>4,888,184</u>
Other income	5	624,185	592,135
Depreciation		(279,088)	(266,266)
Amortisation		(119)	(478)
Research and development expenses	6	(735,487)	(622,997)
Sales and marketing expenses	7	(1,598,569)	(1,189,916)
Administration expenses	8	(3,554,161)	(3,050,127)
Other expenses	10	(61,960)	(81,272)
Finance costs		(6,380)	(4,580)
Profit (loss) before income tax		<u>796,799</u>	<u>264,683</u>
Income tax (expense)/benefit	11	(124,959)	21,193
Total profit for the year		<u>671,840</u>	<u>285,876</u>
Profits attributable to owners of the company		671,840	285,876



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

STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Notes	2013 \$	2012 \$
Assets			
Cash and cash equivalents	12	7,464,156	2,684,799
Trade and other receivables	13	2,984,113	3,291,161
Current tax assets	11	-	237,135
Other current assets	14	871,149	1,637,777
Inventories		185,167	134,345
Total current assets		11,504,585	7,985,217
Deferred tax assets	11	217,089	342,052
Plant and equipment	15	502,292	448,753
Intangible assets	16	-	119
Total non-current assets		719,381	790,924
Total assets		12,223,966	8,776,141
Liabilities			
Trade and other payables	17	1,125,952	1,290,945
Accrued employee benefits	18	487,866	437,286
Current tax liabilities	11	-	-
Unearned revenue		3,143,342	257,477
Total current liabilities		4,757,160	1,985,708
Accrued employee benefits	18	28,944	24,411
Total non-current liabilities		28,944	24,411
Total liabilities		4,786,104	2,010,119
Net assets		7,437,862	6,766,022
Equity			
Contributed equity	19	601,062	601,062
Retained profits	20	6,836,800	6,164,960
Total equity		7,437,862	6,766,022

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

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 June 2013

	Notes	Retained Profits		Contributed Equity	
		2013	2012	2013	2012
		\$	\$	\$	\$
Balance at 1 July		6,164,960	5,879,084	601,062	601,062
Total comprehensive income for the year		671,840	285,876	-	-
Balance at 30 June		<u>6,836,800</u>	<u>6,164,960</u>	<u>601,062</u>	<u>601,062</u>

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

STATEMENT OF CASH FLOWS
for the financial year ended 30 June 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,418,913	10,435,006
Payments to suppliers and employees (inclusive of GST)		(11,028,948)	(11,138,838)
Interest received		98,220	185,223
Income tax received/(paid)		624,604	(472,998)
Net cash flow from operating activities	30	5,112,789	(991,607)
Cash flows from investing activities			
Payments for plant and equipment		(333,432)	(296,503)
Net cash used in investing activities		(333,432)	(296,503)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Net cash from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		4,779,357	(1,288,110)
Cash and cash equivalents at 1 July		2,684,799	3,972,909
Cash and cash equivalents at 30 June		7,464,156	2,684,799

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

1. Statement of significant accounting policies

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

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

(a) Basis of preparation

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

Reporting Basis and Conventions

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

(b) Foreign currency translation

Items included in the financial statements are measured using the currency in which Transmax operates. The statements are presented in Australian dollars, which is the functional and presentation currency of Transmax Pty Ltd.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(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, in which case it will be recognised in the statement of changes in equity.

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

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

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

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

(d) Revenue recognition

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

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

Revenue for the major business activities as follows:

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

(e) Cash and cash equivalents

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

(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 impairments.

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.

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

<i>Class</i>	<i>Depreciation Rates</i>
Plant and Equipment	2 - 10 years

(g) Impairment of assets

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

(h) Intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service. Costs are only capitalised if the project costs more than \$10,000. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the company has an intention and ability to use the asset.

Costs of developing STREAMS are not capitalised.

(i) Trade receivables

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

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

(j) Inventories

Raw materials and stores, work in progress and finished goods are valued at the lower of cost or 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.

(k) 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.

(l) Leases

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

(m) 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.

(n) Comparatives

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

(o) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) 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.

(q) Wages and contractors expenses

The total cost of wages and contractors expenses are allocated to their specific cost categories based upon the type of projects being undertaken. As such, it is possible to allocate the cost of time for all employees to specific projects. These costs are included in the financial reports under the headings of 'Cost of Sales', 'Research and Development Expenses', 'Sales and Marketing Expenses' and 'Administration Expenses' on the Statement of Comprehensive Income. The retail value of the hours worked are included unbilled under "Other Current Assets" for Work-in-Progress.

(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised, and no longer at the discretion of the company, on or before the end of the financial year but not distributed at the statement of financial position date.

(s) Rounding of amounts

The company is of the kind referred to in the Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the accounts have been rounded off in accordance with that class order to the nearest dollar.

(t) New accounting standards and interpretations

A number of new accounting standards, amendments and interpretations have been published that are both mandatory and not mandatory for 30 June 2013 reporting period. An assessment of the impact of the new standards and interpretations are set out below.

- Mandatory changes
 - AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (effective for reporting periods beginning or after 1 January 2012) requires entities to group together items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'. These amendments have had no material impact on Transmax.
 - AASB 2010-8 *Amendments to Australian Accounting Standard – Deferred Tax: Recovery of Underlying Assets* (effective for reporting periods beginning or after 1 July 2012) provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment property is measured using the fair value model in AASB 140 *Investment Property*. These amendments have had no material impact on Transmax.
- Non-mandatory changes (not adopted)
 - AASB 9 *Financial Instruments* (2010), AASB 9 *Financial Instruments* (2009) (2010 and 2009 effective for reporting periods beginning or after 1 January 2015). AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. AASB 9 (2010) introduces additions relating to financial liabilities. These requirements are not expected to have a material impact on Transmax.
 - AASB 10 *Consolidated Financial Statements* (effective for reporting periods beginning or after 1 January 2013) requires a parent entity to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 *Consolidated and Separate Financial Statements* and INT-112 *Consolidation – Special*

- Purpose Entities.* These requirements are not expected to have an impact on Transmax.
- AASB 11 *Joint Arrangements* (effective for reporting periods beginning or after 1 January 2013) replaces AASB 131 *Interests in Joint Ventures* and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations in accordance with that type of joint arrangement. These requirements are not expected to have an impact on Transmax.
 - AASB 12 *Disclosure of Interests in Other Entities* (2011) (effective for reporting periods beginning or after 1 January 2013) requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. These requirements are not expected to have an impact on Transmax.
 - AASB 13 *Fair Value Measurement* (2011) (effective for reporting periods beginning or after 1 January 2013) provides a revised definition of fair value, establishes a framework for measuring fair value and requires extensive disclosures. These requirements are not expected to have a material impact on Transmax.
 - Revised AASB 119 *Employee Benefits* (2011) (effective for reporting periods beginning or after 1 January 2013) changes the accounting for defined benefit plans, amends the definition of short-term and long-term employee benefits (which may affect annual leave); and may change the timing of the recognition of termination benefits. These requirements are not expected to have an impact on Transmax.

2. 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 and those that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in note 1(c).

	2013 \$	2012 \$
3. Revenue		
<i>Operating activities:</i>		
Engineering and software services	10,814,024	10,055,075
Equipment and third party licence	1,922,308	1,763,566
Data network services	72,798	100,363
	<u>12,809,130</u>	<u>11,919,004</u>
<i>Other revenues:</i>		
Foreign currency gain (loss)	(3,315)	8,350
Total	<u>12,805,815</u>	<u>11,927,354</u>
4. Cost of sales		
Engineering and software services	5,029,140	5,912,677
Equipment and third party licence	1,282,385	1,011,286
Data network services	85,912	115,207
Total	<u>6,397,437</u>	<u>7,039,170</u>
5. Other income		
Interest income	106,731	204,669
Grant income	517,454	387,466
Total	<u>624,185</u>	<u>592,135</u>
6. Research and development expenses		
Research and development labour	726,322	622,997
Research and development expenses	9,165	-
Total	<u>735,487</u>	<u>622,997</u>
7. Sales and marketing expenses		
Labour	1,362,473	926,688
Conference and trade shows	52,135	21,714
Marketing, travel and advertising	171,961	139,125
Overseas agents	12,000	102,389
Total	<u>1,598,569</u>	<u>1,189,916</u>

	2013 \$	2012 \$
8. Administration expenses		
Property and tenancy expenses	443,484	417,831
HR labour and expenses	696,795	344,820
IT labour and expenses	505,483	546,741
Administration labour and expenses	1,908,399	1,740,735
Total	<u>3,554,161</u>	<u>3,050,127</u>

9. Labour expenses

The following labour costs have been absorbed in cost of sales, research and development, sales and marketing and administration expenses.

Wages and salaries	7,633,618	6,994,461
Superannuation	764,381	696,189
Payroll tax	441,441	441,642
Workers compensation	39,763	44,393
Fringe benefit tax	5,761	3,124
Contractor labour	881,388	1,684,161
Redundancy expenses	128,918	35,885
Other employee benefits	94,429	-
Total	<u>9,989,699</u>	<u>9,899,855</u>

10. Other expenses

Bad Debts Provision	21,350	1,883
Audit fees	27,500	33,728
Accounting fees	5,090	10,250
Sundry expenses	372	431
Interest expense	6,843	34,216
Loss on disposal of assets	805	764
Total	<u>61,960</u>	<u>81,272</u>

	2013 \$	2012 \$
11. Income tax expense/(benefit)		
(a) Income tax expense/(benefit)		
Current tax expense	-	(14,523)
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	124,959	(6,670)
Total income tax attributable to profit	124,959	(21,193)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense	796,799	264,683
Tax at the rate of 30%	239,039	79,405
Tax effect amounts which are not deductible (taxable) in calculating taxable income	-	34
Research & development concession	(98,473)	(116,239)
Tax adjustment for prior periods	(15,607)	15,607
Income tax expense/(benefit)	124,959	(21,193)
(c) Deferred tax equivalent expense/(benefit) included in income tax equivalent expense comprises:		
Deferred tax assets opening balance	342,052	335,382
Increase/(decrease) in deferred tax assets	(68,196)	21,193
Adjustment relating to prior year	(56,767)	(14,523)
Deferred tax assets at 30 June	217,089	342,052
(d) Proof of deferred tax assets		
Property, plant and equipment	722	1,154
Employee benefits	155,042	138,509
Accrued expenses & provisions	55,219	145,622
Tax value of loss carry-forwards recognised	6,106	56,767
Net deferred tax assets at 30 June	217,089	342,052

	2013 \$	2012 \$
(e) Reconciliation of current tax (liability)/asset		
Opening balance	237,135	(250,386)
Payments in current year relating to prior year	-	134,523
Refunds in the current year relating to the prior year	(237,135)	(286,126)
Current year instalments	-	237,135
Over provision	-	401,989
Provision for tax	-	-
Closing balance	-	237,135

12. Cash and cash equivalents

Cash at bank and in hand	7,464,156	2,684,799
Total	7,464,156	2,684,799

13. Trade and other receivables

Trade receivables	2,427,035	2,886,132
Less: Provision for doubtful debts	(21,350)	(1,883)
Net trade receivables	2,405,685	2,884,249
Sundry debtors	49,612	9,566
R&D grant receivable	517,454	387,466
Accrued revenue	11,362	9,880
Total	2,984,113	3,291,161

14. Other current assets

Prepayments	119,466	25,814
Work-in-progress	751,683	1,611,963
Total	871,149	1,637,777

	2013 \$	2012 \$
15. Plant and equipment		
Plant and equipment at cost	1,995,167	1,934,707
Less: Accumulated depreciation	(1,492,875)	(1,485,954)
Net book amount	<u>502,292</u>	<u>448,753</u>
<i>Reconciliation</i>		
The reconciliation of the carrying amount for plant and equipment is set out below:		
Opening net book amount	448,753	419,281
Additions	333,432	296,502
Disposals	(805)	(764)
Depreciation charge	(279,088)	(266,266)
Closing net book amount	<u>502,292</u>	<u>448,753</u>

16. Intangible assets

Computer software at cost	311,563	311,563
Less: Accumulated amortisation	(311,563)	(311,444)
Net book amount	<u>-</u>	<u>119</u>

Reconciliation

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

Opening net book amount	119	597
Additions	-	-
Disposals	-	-
Less: Amortisation charge	(119)	(478)
Closing net book amount	<u>-</u>	<u>119</u>

The intangible assets of Transmax are valued at cost. The Department of Transport and Main Roads has provided at nil consideration, a Deed of Licence to Transmax Pty Ltd to access, use, enhance, and reproduce the STREAMS software. The Department of Transport and Main Roads has also transferred ownership of the intellectual property rights in STREAMS. The cost of the transfer to Transmax was nil.

	2013 \$	2012 \$
17. Trade and other payables		
Trade payables	293,468	267,949
Payroll tax	-	319,024
Other payroll liabilities	304,690	310,675
Other payables	292,120	243,288
GST payable	235,674	150,009
Total	<u>1,125,952</u>	<u>1,290,945</u>

18. Accrued employee benefits

Current

Accrued employee benefits	487,866	437,286
Total	<u>487,866</u>	<u>437,286</u>

Non-current

Accrued employee benefits	28,944	24,411
Total	<u>28,944</u>	<u>24,411</u>

	2013 \$	2012 \$
19. Contributed equity		
Ordinary shares - issued and fully paid	601,061	601,061
Special (control) shares - issued fully paid	1	1
Total contributed equity	<u>601,062</u>	<u>601,062</u>
<i>Movement in ordinary shares on issue</i>		
As at 1 July	601,061	601,061
Shares issued	-	-
As at 30 June	<u>601,061</u>	<u>601,061</u>
<i>Movement in special shares on issue</i>		
As at 1 July	1	1
Shares issued	-	-
As at 30 June	<u>1</u>	<u>1</u>

All company shareholders have:

- the right to receive notice of and to attend all general meetings of the company;
- subject to the consent of the Controlling Shareholders, the right to receive dividends;
- subject to the consent of the Controlling Shareholders, in a winding up or reduction of capital, the right to:
 - repayment of capital paid up on each share held
 - participate in the distribution of surplus assets (if any) of the company.

The Special Share is a Control Share and carries 100% of the voting power at all general meetings of the company.

	2013 \$	2012 \$
20. Retained profits		
Retained profits at beginning of year	6,164,960	5,879,084
Net profit	671,840	285,876
Retained profits at end of year	<u>6,836,800</u>	<u>6,164,960</u>

21. Financial risk management

(a) 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 provisions for impairments as indicated in the Statement of financial position.

(b) Net fair values of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying amounts. The carrying amounts and estimated net fair values of financial assets and liabilities held at balance date are as follows:

Financial assets	Total Carrying Amount 2013 \$	Net Fair Value 2013 \$
Cash	7,464,156	7,464,156
Receivables and other assets	3,855,262	3,855,262
Total	11,319,418	11,319,418
Financial liabilities		
Payables	1,125,952	1,125,952
Employee benefits	516,809	516,809
Total	1,642,761	1,642,761

Financial Assets	Total Carrying Amount 2012 \$	Net Fair Value 2012 \$
Cash	2,684,799	2,684,799
Receivables and other assets	4,928,938	4,928,938
Total	7,613,737	7,613,737
Financial Liabilities		
Payables	1,290,946	1,290,946
Employee benefits	461,697	461,697
Total	1,752,643	1,752,643

(c) Interest Rate Risk

Financial Assets	2013 \$	2012 \$
Cash at bank	7,464,156	2,684,799
Interest rate	0.5%-4.5%	0.5%-6.0%

22. Auditor's remuneration

Queensland Audit Office		
Audit review of the financial report	27,500	29,600

23. Contingent liabilities

There are no contingent liabilities.

24. Commitments

<i>Office building lease</i>	2013	2012
	\$	\$
Within one year	317,439	308,251
Later than one year but not greater than five years	273,661	563,286
	<u>591,100</u>	<u>871,537</u>

25. Going concern

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 relied upon the statement of comprehensive income, statement of financial position, and statement of cash flows presented in this document.

26. Key management personnel disclosures

Catherine Ford has been paid as Chair of Transmax. Stephen Golding, Amelia Hodge, Allan Krosch and Mark Williamson as directors of Transmax. Charles Commins has been paid as the Chief Executive Officer and Jason Wagstaff as the Chief Operating Officer of Transmax.

Key management personnel compensation	2013	2012
	\$	\$
Short-term employee benefits	618,218	593,973
Post-employment benefits	30,428	53,296
Other long-term benefits	-	-
Termination benefits	186,923	-
Share-based benefits	-	-

27. Subsequent events

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

28. Segment report

Transmax operates one business segment in one geographic location.

29. Related party transactions

(a) Parent entity

On 1 July 2012, the shareholding in Transmax Pty Ltd was transferred from Transport Holdings Queensland Pty Ltd to the Queensland Department of Transport and Main Roads.

(b) Transactions with the Queensland Department of Transport and Main Roads

	2013 \$	2012 \$
Sale and purchase transactions		
Sale of goods and services (exclusive of GST)	12,219,759	8,300,567
Outstanding balances arising from sales/purchases of goods and services		
Amounts receivable from related parties	3,250,306	1,532,507
Equity		
Contributed equity	601,062	-

(c) Transactions with Transport Holdings Queensland Pty Ltd

Equity		
Contributed equity	-	601,062

30. Reconciliation of profit after income tax to net cash from operating activities

	2013 \$	2012 \$
Profit after income tax	671,840	285,876
Adjustments for:		
Depreciation and amortisation	279,207	266,744
Loss on disposal of assets	805	764
	951,852	553,384
Decrease / (Increase) in other assets	766,628	(663,194)
Decrease / (Increase) in receivables	307,048	4,360
Decrease / (Increase) in inventories	(50,822)	(11,759)
Decrease / (Increase) in deferred tax assets	124,963	(6,670)
(Decrease) / Increase in payables	(164,994)	(489,526)
(Decrease) / Increase in accrued employee benefits	55,113	74,543
(Decrease) / Increase in unearned revenue	2,885,866	34,776
(Decrease) / Increase in current tax	237,135	(487,521)
Net cash from operating activities	5,112,789	(991,607)

31. Restated balances

(a) Grant income restatement

During 2012-13, the disclosure of the R&D government grant income was re-classified from the income tax (expense)/benefit account to other income in the statement of

comprehensive income. This change was due to the changes outlined in AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. As a result of this, comparative amounts have changed as detailed below.

Statement of comprehensive income (extract) for year ended 30 June 2013	Note	2012 Published	Increase/ (decrease)	2012 Restated
Other income	5	204,669	387,466	592,135
Income tax (expense)/benefit	11	408,659	(387,466)	21,193

Statement of financial position (extract) as at 30 June 2013	Note	2012 Published	Increase/ (decrease)	2012 Restated
Trade and other receivables	13	2,903,695	387,466	3,291,161
Current tax assets	11	624,601	(387,466)	237,135

(b) Changes in recognition of software assurance revenue

During 2012-13 Transmax reviewed the methodology used to recognise software assurance revenue on third party licences, which was previously recognised at the point of supply of the licence. Upon the review, it was decided to spread the software assurance revenue over the period of the assurance. This change complies with AASB 118 (21) *Revenue*.

The change in accounting policy is being made retrospectively in accordance with requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. As a result, comparative amounts have changed as detailed below.

Statement of comprehensive income (extract) for year ended 30 June 2013	Note	2012 Published	Increase/ (decrease)	2012 Restated
Revenue	3	12,152,796	(225,442)	11,927,354
Cost of sales	4	7,212,587	(173,417)	7,039,170

Statement of financial position (extract) as at 30 June 2013	Note	2012 Published	Increase/ (decrease)	2012 Restated
Other current assets	14	1,464,360	173,417	1,637,777
Unearned revenue		32,035	225,442	257,477
Retained profits	20	6,216,985	(52,025)	6,164,960

(c) Overall impact of the restated balances

The overall impacts of the changes made in (a) and (b) above are detailed below.

Statement of comprehensive income (extract) for year ended 30 June 2013	Note	2012 Published	Increase/ (decrease)	2012 Restated
Profit (loss) before income tax		(70,758)	335,441	264,683
Total comprehensive income for the year		337,901	(52,025)	285,876

32. Company details


The business address and registered office of Transmax Pty Ltd is:
 37 Redgum Place, Gaythorne, Queensland, 4051

DIRECTORS' DECLARATION

In the opinion of the directors of Transmax Pty Ltd:

- (a) The financial statements and notes set out on pages 9 to 29 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 2013 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date
 - (ii) complying with Accounting Standards in Australia, the *Corporations Regulations 2001*, other mandatory professional reporting requirements
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.


.....
Stephen Golding
Chairman (Acting)

27 Aug 2013
.....
Date


.....
Charles Commins
Chief Executive Officer

27/8/13
.....
Date

INDEPENDENT AUDITOR'S REPORT

To the Members of Transmax Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Transmax Pty Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Transmax Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

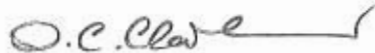
Opinion

In my opinion –

- (a) the financial report of Transmax Pty Ltd is in accordance with the *Corporations Act 2001*, including –
- (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



O C CLARE FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane