28 February 2020

Financial Results – Half Year Ended 31 December 2019

Attached are the following documents relating to MaxiTRANS Industries Limited's results for the half year ended 31 December 2019:

- Appendix 4D;
- Directors' Report;
- Half Year Financial Report; and
- Independent Auditor's Review Report.

Authorised for release by the MaxiTRANS Industries Limited Board of Directors

Enquiries

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About MaxiTRANS Industries

MaxiTRANS Industries Limited (ASX:MXI) is one of the largest suppliers of truck and trailer parts to the road transport industry in Australia. MaxiTRANS is also the largest supplier of locally manufactured, high quality heavy road transport trailer solutions, including trailer repairs and service, in Australia and New Zealand.

Rules 4.2A.3

Appendix 4D

Half Year Report

Name of entity

MAXITRANS INDUSTRIES LIMITED

ABN 58 006 797 173	**Half Year Ended 31 December 2019**

Results for announcement to the market

(All comparisons to half-year ended 31 December 2018)

				$A'000
Revenues from continuing activities	down	-11.8%	to	163,475
Net profit after tax (including significant items) attributable to members of the company	down	-643.1%	to	(14,446)
Net Tangible Assets (cents per share)	down	-100.8%	to	38.00¢

Dividend	Amount per security	Franked amount per security
Interim Dividend - Ordinary shares	-	-
Previous corresponding period: Interim dividend – Ordinary shares	-	-

Record date for determining entitlements to the dividend.	N/A

Refer to the attached Directors' Report regarding commentary on revenue, earnings (including underlying results) and business outlook.

MaxiTRANS Industries Limited

Directors' Report for the half-year ended 31 December 2019

The Directors of MaxiTRANS Industries Limited submit herewith the financial report for the half-year ended 31 December 2019. 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	(Director since September 2008 - 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)
Ms. Mary Verschuer	(Director since January 2019)

Review of operations

External sales of $163.5m were down 14.3% on the prior corresponding period (PCP), or down 11.8% on PCP when excluding discontinued operations, due primarily to weaker trading conditions in H1 FY20 across the trailer market. The market conditions have affected the trailer business' key products with bulk unit volumes (agriculture and construction) down 40% and general freight unit volumes (consumer / customer confidence) down 20%. MaxiPARTS revenue declined marginally by $1.3m over PCP with a larger than expected decline in the underlying market offset by fleet customer growth and organic growth of new product lines. The Trailer Solutions revenue declined by $26.0m or 19.9% broadly in-line with the overall decline in the addressable market. To offset the external market decline, the Group has continued to drive improved efficiencies in manufacturing processes. In addition, the Group has implemented a number of cost savings initiatives, including staff redundancies, which have reduced operating costs by an annualised $10.6m, $2.2m of which has been realised in H1 FY20.

Reported net profit / (loss) after tax (NPAT) was ($14.4m).

Group results summary

$'000	Dec 2019	Dec 2018		Variance $	Variance %
External sales	163,475	190,681	*	(27,206)	-14%
Reported Net Profit after Tax	(14,446)	1,056		(15,502)	-1468%
Reported Net Profit before Tax	(19,327)	1,774		(21,101)	-1189%
Significant Items					
MTC loss	-	1,602		(1,602)	
ERP System implementation expenses	24	1,030		(1,006)	
Redundancy Costs	1,732	-		1,732	
Impairment losses	15,427	-		15,427	
Acquisition / disposal / legal & other costs	953	243		710	
Underlying Net Profit (Loss) Before Tax^	**(1,192)**	**4,649**		**(5,841)**	**-126%**
Underlying EBIT^#	**1,035**	**5,921**		**(4,886)**	**-83%**
Underlying EBITDA^#	**6,536**	**8,470**		**(1,934)**	**-23%**

^ Non-IFRS financial information
* Includes revenue from discontinued operations
# Dec 2019 EBIT and EBITDA inclusive of AASB16 Leases accounting

Notes:
1. EBIT refers to earnings for the period before interest and tax.
2. EBITDA refers to earnings for the period before interest, tax, depreciation and amortisation.
3. EBITDA and EBIT are reported to provide improved clarity of the group's underlying business performance.
4. Non-IFRS financial information contained in this table has not been subject to audit or review by KPMG.
5. Significant items are Non-cash, and / or non-recurring

In line with the prior two reporting periods the Board has determined not to pay an interim dividend. The Board does not expect to reinstate the payment of dividends until underlying trading conditions improve.

Operating performance in the first half of FY20 was challenging with a significant contraction in the external market leading to a decline in trailer order intake. Offsetting this, the Group successfully targeted growth opportunities in MaxiPARTS, materially reduced the Group's costs base and delivered positive operating cashflow of $6.4m, allowing a net debt reduction of $1.8m to $30.2m for H1 FY20.

The adoption of AASB16 Leases accounting standard has accelerated the recognition of lease costs for the Group, resulting in a $0.2m increase in costs recognised in the period.

Impairment of Assets

As disclosed in the 2019 Annual Report, impairment would result from any adverse movement in the discount rate or a decline in the underlying business performance (EBITDA), potentially driven by a variety of factors including a softening of the end market. H1 FY20 has seen a decline in the end market for Trailer Solutions and has resulted in an impairment of $15.4m across both Trailer Solutions and Parts assets. The impairment has been allocated across the appropriate assets, including goodwill, in line with the accounting standards.

Restatement

During the preparation of the consolidated interim financial statements, the Group discovered that in the impairment testing at 30 June 2019 of the Trailer Solutions CGU, the carrying amount of the CGU did not include all the assets related to the Trailer Solutions CGU. As a consequence, the impairment loss was understated, and intangible assets were overstated by $9.3m. This impact has been adjusted by restating each of the affected financial statement line items for prior periods.

MaxiPARTS

MaxiPARTS continues to become a larger part of the MaxiTRANS business as solid strategic delivery is achieved on a consistent basis. As a high-quality distribution asset, MaxiPARTS now represents 41.4% of total revenue, up from 36.2% in the PCP.

MaxiPARTS Revenue decreased over PCP by 1.9%, challenged by the competitive environment. An underlying decline was offset by the continued focus on increasing revenues in the fleet business and organic growth of new product lines. Underlying EBITDA before corporate allocations on a like-for-like basis adjusted for AASB16 Lease accounting was in line with PCP at $5.6m. The decline in the profit from the underlying market of ($1.6m) resulted from a combination of top line and margin pressure in the market and an inability to pass on all inventory cost increases to customers. This was offset by successful growth selling an integrated MaxiTRANS solution to fleet customers, new product introduction through the retail network with a profit effect of $0.6m and overhead savings improving profitability by $0.9m.

Trailer Solutions

Revenue in the first half of FY20 declined 19.9% over the PCP driven by a continued decline in the external trailer market.

Underlying EBITDA before corporate allocations, on a like-for-like basis adjusted for AASB16 Lease accounting declined on the PCP by $3.0m or 31.3%. The external market decline resulted in a reduction in manufacturing overhead recoveries of $4.1m and negative volume and mix impact of $3.3m, offset by manufacturing cost savings of $2.0m and improved operating performance in manufacturing efficiencies and margin improvement, delivering benefits of $1.8m.

MaxiTRANS completed the acquisition of 80% of Trout River Australia in December 2018. In line with expectations, the first half results include equity income of $0.5m from Trout River Australia.

Outlook

General economic conditions have continued to be challenging over recent months. These general conditions have contributed to a rapid slowing of new trailer registrations in MaxiTRANS' addressable market over the second half of calendar year 2019, which looks set to remain at low levels for at least the first half of calendar year 2020.

Recent quotation levels have shown a slight improvement in Australia above the performance of the last 12 months; however the order profile remains consistent with recent months. The New Zealand order book is stronger and supports improvement over H1FY20.

Expectations are for MaxiPARTS to deliver a consistent result with the full year FY19 as a result of ongoing fleet initiatives and organic growth of new products.

The Group will see the ongoing benefit in H2 FY20 of the overhead reductions realised through 2019 and the focus will remain on cash generation and cost management while the end market remains depressed.

The Group is working closely with our debt holders to develop a revised suite of debt covenants with effect from 1 July 2020. The aim is to finalise the revised covenants by June 2020.

The COVID-19 virus is a risk to the Group due to the effect it will likely have on the broader economy. The Australian supply chain for manufacturing trailers has a strong local manufacturing footprint which is expected to mitigate any significant supply chain risk. The New Zealand manufacturing supply chain is under review to source more items locally to mitigate its reliance on overseas parts sourcing. The MaxiPARTS supply chain is carrying sufficient inventory to provide an internal buffer that counters current delays in overseas supply.

Dividend

The Directors have determined not to pay an interim dividend.

Auditor's review report

We draw your attention to the emphasis of matter relating to going concern and restatement raised in the Auditors' review report.

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 6 for the half year ended 31 December 2019 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.

Dean Jenkins
Managing Director

Melbourne, 28 February 2020

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 7 to 21, 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 2019 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.

RH Wylie

Robert H. Wylie
Chairman

Dean Jenkins
Managing Director

Melbourne, 28 February 2020

KPMG

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 of MaxiTRANS Industries Limited for the half-year ended 31 December 2019 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.

KPMG

KPMG

S E Bell

Suzanne Bell

Partner

Melbourne

28 February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

		Consolidated	
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Note	**31 Dec 19 $'000**	**31 Dec 18 $'000**
Continuing Operations			
Sale of goods	2, 3	156,954	176,746
Rendering of services	2, 3	6,521	8,500
Changes in inventories of finished goods and work in progress		1,609	10,289
Raw materials and consumables used		(102,201)	(119,527)
Interest income		47	10
Other income – sale of assets		313	179
Employee and contract labour expenses		(44,096)	(50,786)
Warranty expenses		(2,266)	(1,410)
Depreciation and amortisation expenses *		(5,501)	(2,549)
Finance costs *		(2,227)	(1,272)
Other expenses *		(14,156)	(17,484)
Impairment loss - goodwill	6	(4,923)	-
Impairment loss - other non financial assets	6	(10,504)	-
Share of net profits of associates accounted for using the equity method		1,103	683
(Loss)/Profit before income tax		(19,327)	3,379
Income tax benefit/(expense)	4	4,881	(719)
(Loss)/Profit from continuing operations		**(14,446)**	**2,660**
Discontinued Operation			
Profit from discontinued operation, net of tax		-	(2)
Profit on disposal of subsidiary, net of tax		-	(1,602)
(Loss)/Profit from discontinued operations, net of tax		-	(1,604)
(Loss)/Profit for the period		**(14,446)**	**1,056**
(Loss)/ Profit attributable to:			
Equity holders of the Company		(14,446)	1,056
Non-controlling interests		-	-
(Loss)/Profit for the period		**(14,446)**	**1,056**

* The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach operating leases that have previously been classified under Other Expenses are now classified in Depreciation and Finance cost categories

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**31 Dec 19 $'000**	**31 Dec 18 $'000**
(Loss)/Profit for the period	(14,446)	1,056
Other comprehensive income		
Items that may subsequently be re-classified to profit or loss:		
Net exchange difference on translation of financial statements of foreign operations	16	777
Cashflow hedge reserve	67	(111)
Related tax	(20)	33
Total items that may subsequently be reclassified to profit or loss	**63**	**699**
Items that will never be re-classified to profit or loss:		
Revaluation of land and buildings	-	2,586
Related income tax	-	(740)
Total items that will never be reclassified to profit or loss	**-**	**1,846**
Other comprehensive income for the period, net of tax	**63**	**2,545**
Total comprehensive income for the period	**(14,383)**	**3,601**
Total comprehensive income attributable to: Equity holders of the Company	(14,383)	3,614
Non-controlling interests	-	(13)
Total comprehensive income for the period	**(14,383)**	**3,601**
Earnings / (Loss) per share for profit attributable to the ordinary equity holders of the Company:		
Basic and Diluted earnings per share (cents per share) - Total	-7.81¢	0.57¢
Basic and Diluted earnings per share (cents per share) - Continuing operations	-7.81¢	1.44¢
Weighted average number of shares:	**Number**	**Number**
Number for basic earnings per share	185,075,653	185,075,653
Number for diluted earnings per share	185,075,653	185,075,653

The consolidated statement of profit or loss and consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the consolidated interim financial statements.
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 Dec 19 $'000	Restated ** 30 Jun 19 $'000
Current Assets			
Cash and cash equivalents		8,646	11,925
Trade and other receivables		36,842	42,381
Inventories		61,961	59,267
Current tax assets		1,055	768
Other		5,788	3,779
Total Current Assets		**114,292**	**118,120**
Non-Current Assets			
Investment in associate		11,315	11,356
Property, plant and equipment	6	34,380	41,680
Intangible assets	6	27,805	34,961
Right of use asset *	6	44,682	-
Deferred tax assets		11,875	10,858
Total Non-Current Assets		**130,057**	**98,855**
Total Assets		**244,349**	**216,975**
Current Liabilities			
Trade and other payables		41,743	44,635
Other liabilities		3,445	3,133
Interest bearing loans and borrowings	5	1,292	255
Lease liability *		7,316	-
Provisions		10,286	11,743
Total Current Liabilities		**64,082**	**59,766**
Non-Current Liabilities			
Interest bearing loans and borrowings	5	37,541	43,670
Lease liability *		43,585	-
Provisions		981	1,034
Total Non-Current Liabilities		**82,107**	**44,704**
Total Liabilities		**146,189**	**104,470**
Net Assets		**98,160**	**112,505**
Equity			
Issued capital		56,386	56,386
Reserves		15,379	15,278
Retained earnings		26,395	40,841
Equity attributable to equity holders of the Company		**98,160**	**112,505**
Non-controlling interest		**-**	**-**
Total Equity		**98,160**	**112,505**

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

* The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach as presented with the addition of Right of use Asset and Lease Liability in the statement of financial position. Under this approach comparative information is not restated and cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of application.

** Refer Note 9 Restatement for further detail on FY19 restated results.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Issued capital	Asset revaluation reserve1	Retained earnings	Non-controlling interest	Other reserves2	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019 (Restated **)	56,386	12,964	40,841	-	2,314	112,505
Comprehensive income for the period						
Loss for the period	-	-	(14,446)	-	-	(14,446)
Other comprehensive income						
Net exchange differences on translation of financial statements of foreign operations	-	-	-	-	16	16
Cashflow hedge reserve (net of tax)	-	-	-	-	47	47
Total comprehensive income for the period	**-**	**-**	**(14,446)**	**-**	**63**	**(14,383)**
Transactions with owners recorded directly in equity						
Share-based payment transactions	-	-	-	-	38	38
Total transactions with owners	**-**	**-**	**-**	**-**	**38**	**38**
Balance at 31 December 2019	**56,386**	**12,964**	**26,395**	**-**	**2,415**	**98,160**
Balance at 1 July 2018	56,386	17,886	57,097	1,338	3,112	135,819
Comprehensive income for the period						
Profit for the period	-	-	1,056	-	-	1,056
Other comprehensive income						
Net exchange differences on translation of financial statements of foreign operations	-	-	-	(13)	790	777
Revaluation of land and buildings	-	1,845	-	-	-	1,845
Other sundry movements	-	-	-	-	(79)	(79)
Total comprehensive income for the period	**-**	**1,845**	**1,056**	**(13)**	**711**	**3,599**
Transactions with owners recorded directly in equity						
Dividends to equity holders	-	-	(2,776)	-	-	(2,776)
De-recognition of MTC on disposal	-	-	-	(1,325)	(1,125)	(2,450)
Share-based payment transactions	-	-	-	-	79	79
Total transactions with owners	**-**	**-**	**(2,776)**	**(1,325)**	**(1,046)**	**(5,147)**
Balance 31 December 2018	**56,386**	**19,731**	**55,377**	**-**	**2,777**	**134,270**

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 cashflow hedge reserve.

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

** Refer Note 9 Restatement for further detail on FY19 restated results.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	31 Dec 19 $'000	31 Dec 18 $'000
Cash flows from operating activities		
Receipts from customers	196,020	207,630
Payments to suppliers and employees *	(192,007)	(204,663)
Interest received	47	10
Interest and other costs of finance paid	(1,165)	(1,272)
Net Income tax refund/(paid)	3,550	(1,357)
Net cash provided by operating activities	**6,445**	**348**
Cash flows from investing activities		
Payments for property, plant and equipment	(803)	(9,234)
Payments for intangibles	(1,041)	-
Dividends received	1,144	550
Proceeds from disposal of subsidiary (net of cash and costs)	-	6,141
Acquisition of Investment in Associate	-	(6,333)
Proceeds from sale of property, plant and equipment	49	23
Net cash used in investing activities	**(651)**	**(8,853)**
Cash flows from financing activities		
Repayment of borrowings	(11,596)	(1,049)
Proceeds from borrowings	6,660	12,176
Payment of rent *	(4,137)	(342)
Dividends paid	-	(2,776)
Net cash (used in) / provided by financing activities	**(9,073)**	**8,009**
Net decrease in cash and cash equivalents	(3,279)	(496)
Cash and cash equivalents at beginning of year	11,925	9,692
Effect of exchange rate fluctuations on cash held	-	58
Cash and cash equivalents at 31 December	**8,646**	**9,254**
Reconciliation of cash and cash equivalents		
Cash at bank and on hand	8,646	9,254

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

* The Group has initially applied AASB 16 at 1 July 2019 using the modified retrospective approach. Under this approach, payments for operating leases that have previously been classified under Payments to suppliers and employees are now classified in Payment of rent.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

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 2019 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 2019 is available upon request from the Company's registered office at 346 Boundary Rd, Derrimut, Victoria or at 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 2019.

This consolidated interim financial statements were approved by the Board of Directors on 28 February 2020.

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.

Going Concern

The consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Group will be able to pay its debts as and when they become due and payable.

For the half year ended 31 December 2019:

- The Group recorded a net loss after tax of $14,446 thousand including an impairment of $15,427 thousand (31 December 2018: profit of $1,056 thousand).
- Working capital, being current assets less current liabilities, amounted to a surplus of $50,210 thousand (30 June 2019: $58,354 thousand), with net debt decreasing from $32,000 thousand to $30,187 thousand.
- Net cash inflows from operating activities were $6,445 thousand (31 December 2018: $348 thousand inflow), however this included an income tax refund of $3,550 thousand and excludes rental payments under AASB 16 ($4,137 thousand) that are now classified under financing activities.

Given the challenges in the current and forecast trailer market, the Group has been working through a process with the debt holders to redefine its debt covenants to ensure that the Group will continue to meet its covenant obligations.

As at 31 December 2019, the Group was in compliance with all of its debt covenants. On 25 February 2020, the debt holders agreed to amendments to the Syndicated Facility Agreement (SFA), including:

- Reduction in outstanding facilities limit from $51,750 thousand to $43,750 thousand;
- Waiving of existing covenant requirements through to 30 June 2020; and
- Restriction on all dividends.

Under this amendment, the Group is also required to:

- Meet certain forecast thresholds agreed with the debt holders for the period 1 January 2020 to 31 March 2020; and
- Agree to revised covenant requirements with the debt holders by June 2020.

If the Group does not meet its obligations under this amendment, this would constitute an event of default under the SFA. As is consistent with prior arrangements with the debt holders, an event of default would result in the loan facility falling due and payable on demand ($37,500 thousand drawn at 31 December 2019).

Management is exploring various initiatives to improve both the underlying business results and cash flows. This includes, but is not limited to the sale of assets, alternative financing arrangements and working capital improvements.

The Directors believe that the Group has the support of its debt holders and it will continue to meet the ongoing compliance requirements of the SFA (as disclosed in Note 5) and its amendments. The Directors anticipate that the initiatives outlined above will be appropriate to address the underlying business results and cash flow requirements, leading to an agreement from the debt holders by June 2020 to a suite of covenants that address the trading environment beyond 30 June 2020.

The Directors acknowledge that uncertainty remains over the Group's funding arrangements until the revised covenant requirements are agreed with the debt holders. However, as described above, the Directors have a reasonable expectation that the Group will have these covenants agreed with the debt holders by June 2020. If for any reason the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realise assets at their recognised values, in particular goodwill and other intangible assets, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated interim financial statements.

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 2019, except for the impact of the adoption of the new and revised accounting policies discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards and interpretations

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

(i) AASB 16 Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group has adopted AASB 16 using the modified retrospective effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2019). Therefore, the cumulative effect of adopting AASB 16 was recognised as an adjustment to the opening balance assets and liabilities at 1 July 2019, with no restatement of comparative information.

Leases in which the Group is the lessee

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group recognised new assets and liabilities for its operating leases of rental properties, motor vehicle fleet and other equipment lease agreements. The nature of expenses related to those leases has now changed because the Group recognised a depreciation charge for the right-of-use assets and interest expense on lease liabilities.

In additional, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group includes the payments due under the lease in its lease liability.

There was no significant impact on the Group's finance leases.

Leases in which the Group is a lessor

The Group is not required to make any adjustments for leases in which it is a lessor.

Impact on Transition

On transition to AASB16, the Group recognised additional right-of-use-assets and additional lease liabilities, recognising the difference in retained earnings. The impact of the transition is summarised below.

In thousands of dollars	**1 July 2019**
Right of use asset	46,017
Deferred tax asset	-
Lease Liability	46,017
Retained Earnings	-

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 5.3%, with rates ranging from 3.68% to 5.72% based on tenure of lease as at adoption date.

Impact for the period

As a result of initially applying AASB16, in relation to the leases that were previously classified as operating leases, the Group recognised $44,682 thousand of right-of-use assets (net of impairment loss of $5,659 thousand – refer to note 6) and $50,901 thousand of lease liabilities as at 31 December 2019.

The Group completed a Sale and Leaseback transaction for the Trailers Rental Fleet in December 2019. The Group recognised $6,816 thousand right of use asset and $7,155 thousand lease liability for the leaseback of the fleet.

Also, in relation to those leases under AASB16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 31 December 2019, the Group recognised $3,337 thousand of depreciation charges and $1,062 thousand of interest costs from these leases. The net impact as a result of the change of standard to the Group's Net Profit after tax for the period was ($226 thousand) in combined Lease Depreciation and Interest compared to lease payments.

Summary of new Accounting Policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses,and adjusted from certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

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 2019, except for those relating to the Going Concern disclosed in Note 1.

2. 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 corporate assets and expenses. Total finance costs of the Group are included in unallocated corporate costs.

The Group reports on two Cash Generating Units (CGUs): Trailer Solutions and Parts. The Trailer Solutions business manufactures a diverse portfolio of trailers. The trailers are sold through our dealer network, comprising both owned dealerships and licensed dealerships, providing full solution including after sales service, fleet rental service and parts to our customers. The Parts business sells trailer and truck parts at both a wholesale and retail level in Australia.

Six months ended 31 December 2019 Business Segments	Trailer Solutions	Parts	Corporate / Eliminations	Total continuing activities	Discontinued operation	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External segment revenue	104,472	59,003	-	163,475	-	163,475
Inter-segment revenue	98	8,715	(8,813)	-	-	-
Total Revenue	**104,570**	**67,718**	**(8,813)**	**163,475**	**-**	**163,475**
Segment earnings pre associate, interest and significant items	**246**	**4,284**	**(4,645)**	**(115)**	**-**	**(115)**
Share of net profit of equity accounted investments	1,103	-	-	1,103	-	1,103
Interest income	-	-	47	47	-	47
Interest expense	(466)	(596)	(1,165)	(2,227)	-	(2,227)
Segment net profit before tax (Excluding significant items)	**883**	**3,688**	**(5,763)**	**(1,192)**	**-**	**(1,192)**
Significant items, before tax						
ERP system implementation expenses	-	-	(24)	(24)	-	(24)
Impairment losses	(11,697)	(3,730)	-	(15,427)	-	(15,427)
Redundancy costs	(1,536)	(129)	(67)	(1,732)	-	(1,732)
Acquisition / disposal / legal & other costs	(177)	-	(776)	(953)	-	(953)
Segment net profit before tax (Including significant items)	**(12,528)**	**(171)**	**(6,629)**	**(19,327)**	**-**	**(19,327)**
Income tax benefit	-	-	4,881	4,881	-	4,881
Net profit after tax	**(12,528)**	**(171)**	**(1,748)**	**(14,446)**	**-**	**(14,446)**
Depreciation and amortisation	2,648	2,185	668	5,501	-	5,501
Total Depreciation and amortisation	**2,648**	**2,185**	**668**	**5,501**	**-**	**5,501**
As at December 2019						
Assets						
Segment assets	141,265	76,689	-	217,954	-	217,954
Unallocated corporate assets			26,395	26,395	-	26,395
Consolidated total assets	**141,265**	**76,689**	**26,395**	**244,349**	**-**	**244,349**
Liabilities						
Segment liabilities	61,377	40,179	-	101,556	-	101,556
Unallocated corporate liabilities	-	-	44,633	44,633	-	44,633
Consolidated total liabilities	**61,377**	**40,179**	**44,633**	**146,189**	**-**	**146,189**
Capital expenditure	606	60	-	666	-	666
Unallocated capital expenditure	-	-	137	137	-	137
Total capital expenditure	**606**	**60**	**137**	**803**	**-**	**803**

1. Significant items, before tax are Non-cash, and / or non-recurring

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Six months ended 31 December 2018 Business Segments	Trailer Solutions	Parts	Corporate/ Eliminations	Total continuing activities	Discontinued operation	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External segment revenue	130,191	55,055	-	185,246	5,435	190,681
Inter-segment revenue	368	13,984	(14,352)	-	-	-
Total segment revenue	**130,559**	**69,039**	**(14,352)**	**185,246**	**5,435**	**190,681**
Segment earnings pre associate, interest and significant items	**5,513**	**4,736**	**(5,018)**	**5,231**	**(3)**	**5,228**
Share of net profit of equity accounted investments	683	-	-	683	-	683
Interest income	-	-	10	10	-	10
Interest expense	-	-	(1,272)	(1,272)	-	(1,272)
Segment net profit before tax (Excluding significant items)	**6,196**	**4,736**	**(6,280)**	**4,652**	**(3)**	**4,649**
Significant items	-	-	(1,273)	(1,273)	(1,602)	(2,875)
Income tax expense	-	-	(719)	(719)	1	(718)
Net profit after tax	**6,196**	**4,736**	**(8,272)**	**2,660**	**(1,604)**	**1,056**
Depreciation and amortisation	924	394	1,231	2,549	245	2,794
Total Depreciation and amortisation	**924**	**394**	**1,231**	**2,549**	**245**	**2,794**
As at June 2019						
Assets						
Segment assets (Restated **)	112,484	56,890	-	169,374	-	169,374
Unallocated corporate assets	-	-	47,601	47,601	-	47,601
Consolidated total assets (Restated **)	**112,484**	**56,890**	**47,601**	**216,975**	**-**	**216,975**
Liabilities						
Segment liabilities	32,568	16,595	-	49,163	-	49,163
Unallocated corporate liabilities	-	-	55,307	55,307	-	55,307
Consolidated total liabilities	**32,568**	**16,595**	**55,307**	**104,470**	**-**	**104,470**
Capital expenditure	7,275	160	-	7,435	(29)	7,406
Unallocated capital expenditure	-	-	432	432	-	432
Total capital expenditure	**7,275**	**160**	**432**	**7,867**	**(29)**	**7,838**

** Refer Note 9 Restatement for further detail on FY19 restated results.

1. Significant items are Non-cash, and / or non-recurring

3. Revenue from customers

Information regarding the disaggregation of the Group's revenue with customers is presented below.

	Segment		31 Dec 19	Segment		31 Dec 18
	Trailer Solutions	Parts	Total	Trailer Solutions	Parts	Total
Type of Good or Service						
Trailer Sales	97,951	-	97,951	121,691	-	121,691
Trailer Repairs and other services	6,521	-	6,521	8,500	-	8,500
Sale of parts	-	59,003	59,003	-	55,055	55,055
Total Group Revenue	**104,472**	**59,003**	**163,475**	**130,191**	**55,055**	**185,246**
Geographical Market						
Australia	95,768	59,003	154,771	121,909	55,055	176,964
NZ	8,704	-	8,704	8,282	-	8,282
Total Group Revenue	**104,472**	**59,003**	**163,475**	**130,191**	**55,055**	**185,246**

4. Income tax benefit / (expense)

Income tax Reconciliation	31 Dec 19	31 Dec 18
Prima facie tax receivable / (payable) on profit before tax for continuing and discontinued operations at 30%	**5,798**	**(532)**
(Add)/deduct tax effect of:		
Research and development allowance	91	145
Non-deductible expenditure	(261)	(545)
Share of net profits of associates	331	205
Under/(over) provision in prior year	406	-
Impact of tax rates in foreign jurisdictions	(7)	8
Non-deductible impairment loss - Goodwill	(1,477)	-
	(917)	(187)
Income tax benefit / (expense) in consolidated statement of profit or loss	**4,881**	**(719)**

5. Interest bearing loans and borrowings

The Group's banking partners are Commonwealth Bank of Australia and HSBC Bank (the Lenders). During the period, there were no changes to the Group's borrowing facilities. The amount drawn at the end of each reporting period varies based on the Group's cash requirements.

Core Australian and New Zealand loan facilities as follows:

		Facility Amount		Utilised		Available	
Consolidated	Maturity Dates	31 Dec 19 $'000	30 Jun 19 $'000	31 Dec 19 $'000	30 Jun 19 $'000	31 Dec 19 $'000	30 Jun 19 $'000
Loan facility	$30.00m July 2021; $21.75m June 2022	51,750	51,750	37,500	43,500	14,250	8,250
Other interest-bearing liabilities		1,333	425	1,333	425	-	-
		53,083	**52,175**	**38,833**	**43,925**	**14,250**	**8,250**

Interest rates are a combination of fixed and variable.

The terms and conditions of the bank facilities contain covenants in relation to gearing ratio, interest cover and leverage ratio. All covenants were satisfied as at 31 December 2019. See Note 1 Going Concern for further information.

On 25 February 2020, the Group agreed with the debt holders to reduce its facility B limit by $8,000 thousand. The revised limits are Facility A $30,000 thousand (maturing July 2021) and Facility B $13,750 thousand (maturing June 2022) leaving a total facility limit of $43,750 thousand. The Group has reduced facility limits by $16,250 thousand since 31 December 2018.

6. Impairment loss

As disclosed in the Annual Report 2019, impairment would result from any adverse movement in discount rate or a decline in the underlying business performance (EBITDA) potentially driven by a variety of factors including a softening of the end market. H1 FY20 has seen a decline in the end market for Trailer Solutions and has resulted in an impairment of $15,427 thousand.

The carrying amount of the Trailer Solutions CGU was determined to be higher than its recoverable amount and an impairment loss of $11,697 thousand was recognised. Furthermore, the carrying amount of the group of CGUs was determined to be higher than its recoverable amount and an additional impairment loss of $3,730 thousand was recognised.

The impairment loss was allocated as follows:

Impairment Loss ($'000)	Trailer Solutions	Parts	Corporate	Total
Goodwill	(1,193)	(3,730)	-	(4,923)
Other Assets				
Other Intangibles	(2,538)	-	-	(2,538)
Property, Plant & Equipment	(2,307)	-	-	(2,307)
Right of use asset	(5,659)	-	-	(5,659)
Total Impairment Loss	**(11,697)**	**(3,730)**	**-**	**(15,427)**

The recoverable amount was based on value in use.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the assets. Value in use as at 31 December 2019 was determined similarly to the 30 June 2019 goodwill impairment test and was based on the following key assumptions:

- Most recent forecast projections by key management for the current year and FY21 and subsequently reviewed by the Board;
- Growth rates for year 3-5 of 3.5%, 2.5% and 2.1% (30 June 2019: 2.1%);
- Terminal growth rate of 2.0% (30 June 2019: 2.0%); and
- Pre-tax nominal discount rate of 13.0% (30 June 2019: 12.0%)

The values assigned to the key assumptions represent the Group's assessment of future trends in the industry and are based on historical data from both external sources and internal sources.

Following the impairment loss in the Trailer Solutions CGU, the recoverable amount is equal to the carrying amount. An additional impairment would result from any adverse movement in discount rate or a decline in underlying business performance (EBITDA) potentially driven by a variety of factors including a softening of the end market.

The estimated recoverable amount of the Parts CGU exceeded its carrying amount. An impairment would result from any adverse movement in discount rate or a decline in underlying business performance (EBITDA) potentially driven by a variety of factors including a softening of the end market.

Carrying amount of intangible assets following the impairment loss:

	Other Intangibles		Goodwill		Total	
				Restated **		Restated **
	31 Dec 19	30 Jun 19	31 Dec 19	30 Jun 19	31 Dec 19	30 Jun 19
Cash Generating Unit (CGU)	$'000	$'000	$'000	$'000	$'000	$'000
Trailer Solutions	8,467	11,205	-	1,193	8,467	12,398
Parts	-	-	7,633	11,363	7,633	11,363
Corporate	11,705	11,200	-	-	11,705	11,200
	20,172	**22,405**	**7,633**	**12,556**	**27,805**	**34,961**

** Refer Note 9 Restatement for further detail on FY19 restated results.

The impairment is non-cash and will not affect our existing debt covenants with the banks.

7. Fair Value Measurement

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 the Group's assets and liabilities measured and recognised at fair value and their classification within the fair value hierarchy at 31 December 2019.

As at 31 December 2019	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Derivatives	-	-	-	-
Non-financial assets				
Land and buildings	-	-	24,265	24,265
Financial Liabilities				
Derivatives	-	698	-	698

As at 30 June 2019	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Derivatives	-	-	-	-
Non-financial assets				
Land and buildings	-	-	24,300	24,300
Financial Liabilities				
Derivatives	-	349	-	349

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 the Group land and buildings reflecting the use of directly unobservable market inputs in their valuation.

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. Valuations for all owned properties are obtained at the end of each financial year.

8. Dividends

	31 Dec 19 $'000	30 Jun 19 $'000
Dividends paid:		
A final dividend of 0 cent (2018: 1.50 cent, $2,776 thousand paid in FY19) per share franked at the rate of 30% was paid for the financial year ended 30 June 2019.	-	2,776
Dividends proposed:		
Interim dividend of 0 (2018: 0.00) cents per share (2018 franked at 30%).	-	-
Dividend franking account		
Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	18,682	24,634

The Directors have determined not to pay an interim dividend. The above franking credits available amounts are based on the balance of the dividend franking account at 31 December 2019.

The operation of the Group's Dividend Reinvestment Plan ('DRP') was suspended on 21 June 2011 until further notice.

9. Restatement

During the preparation of the consolidated interim financial statements, the Group discovered in the impairment testing at 30 June 2019 of the Trailer Solutions CGU, the carrying amount of the CGU did not include all the assets related to the Trailer Solutions CGU. As a consequence, the impairment loss was understated and intangible assets were overstated. This impact has been adjusted by restating each of the affected financial statement line items for the prior period. The following tables summarises the impacts on the Group's consolidated financial statements for the year ended 30 June 2019.

i. Consolidated statement of financial position

30 Jun 19	Impact of restatement		
	As previously reported $'000	Adjustments $'000	As restated $'000
Intangible assets	44,297	(9,336)	34,961
Others	182,014	-	182,014
Total Assets	**226,311**	**(9,336)**	**216,975**
Total Liabilities	**104,470**	**-**	**104,470**
Retained earnings	50,177	(9,336)	40,841
Others	71,664	-	71,664
Total Equity	**121,841**	**(9,336)**	**112,505**

ii. Consolidated statement of profit or loss and consolidated statement of comprehensive income

For the year ended 30 June 2019	Impact of restatement		
	As previously reported	Adjustments	As restated
	$'000	$'000	$'000
Impairment loss on intangible assets	(26,882)	(9,336)	(36,218)
Others	9,178	-	9,178
Loss for the year	**(17,704)**	**(9,336)**	**(27,040)**
Total comprehensive income for the year	**(8,246)**	**(9,336)**	**(17,582)**

iii. Earnings per share for profit attributable to the ordinary equity holders of the Company

For the year ended 30 June 2019	Impact of restatement		
	As previously reported	Adjustments	As restated
Basic and Diluted earnings per share (cents per share) – Total	-9.57¢	-5.04¢	-14.61¢
Basic and Diluted earnings per share (cents per share) – Continuing operations	-8.72¢	-5.04¢	-13.76¢

There is no impact on total operating, investing or financing cash flows for the year ended 30 June 2019.

There was no impact on opening retained earnings at 1 July 2018.

10. Events Subsequent to Reporting Date

Unless otherwise disclosed in this Financial Report, there have been no events subsequent to the reporting date which would have a material effect on the Group's financial statements for the half year ended 31 December 2019.

Independent Auditor's Review Report

To the shareholders 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 any 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 2019 and of its performance for the Half-year 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 2019
- Consolidated statement of profit or loss, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 10 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 Half year's end or from time to time during the Half-year.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1, "Going Concern" in the Interim Financial Statements. The conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Statements. Our conclusion is not modified in respect of this matter.

Restatement of comparative balances – emphasis of matter

We draw attention to Note 9, "Restatement" in the Interim Financial Statements, which describes that the comparative information presented as at and for the year ended 30 June 2019 has been restated for the correction of an error. Our conclusion is not modified in respect of this matter.

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*
- 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 Consolidated Entity's financial position as at 31 December 2019 and its performance for the half-year 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 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*.

KPMG

KPMG

S E Bell

Suzanne Bell

Partner

Melbourne

28 February 2020