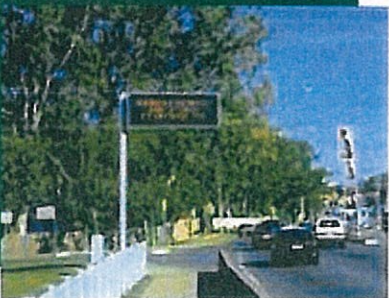
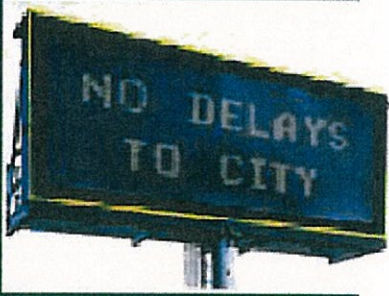
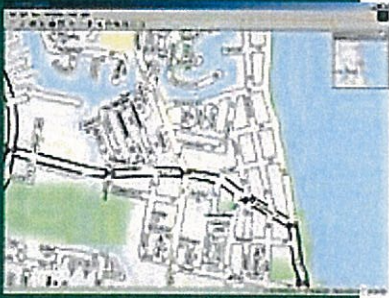


**TRANSMAX**



**STREAMS**

**Transmax  
Pty Ltd**

ACN 099 487 573

**GENERAL PURPOSE FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2011**

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## DIRECTORS' REPORT

The Directors present their report together with the financial report of Transmax for the year ended 30 June 2011.

### Directors

#### David Merson (Chair – non-executive)

David Merson was appointed as Chair of Transmax in June 2004. David Merson has been working in the IT industry since 1970, gaining experience in most aspects of IT, including programming, systems analysis and design, training, sales and marketing, consulting, bureau services, and business management.

For 21 years he was CEO of Mincom Limited, a company he founded with others in 1979. During his tenure, Mincom grew to 1200 staff with annual revenues of \$200M and global leadership in a number of software product categories. He retired from this role in early 2000. He is now involved in the venture capital industry, and has accepted a number of company directorships and memberships of public sector advisory committees.

David holds a Bachelor of Electrical Engineering and a Bachelor of Economics, and was granted an Honorary Doctor of Engineering by the University of Queensland in 1998.

#### John Lees (Managing Director)

John Lees has been involved with software development for Intelligent Transport Systems since 1969 and was a member of the team that developed the first computerised traffic management system in Australia at Surfers Paradise in 1969. He has been involved in all subsequent Intelligent Transport Systems development within the Department of Transport and Main Roads.

Prior to his appointment as Managing Director of Transmax, John was the Director of the ITS Development branch in Queensland Main Roads, which developed the Intelligent Transport Systems called STREAMS. 'STREAMS' is a modern, multi-functional product that has evolved from earlier separate surface street and freeway traffic management systems.

John is a member of the Australian Computer Society and the Australian Institute of Company Directors.

#### Allan Krosch (Non-executive director)

Allan Krosch worked for the Queensland Department of Transport and Main Roads for 42 years before leaving in January 2011 and has worked in the fields of construction, design, transport planning, traffic operations and management.

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

Allan resigned as a director in October 2010.

#### Frank Vardanega (Non-executive director)

Frank Vardanega was appointed as director in June 2007. Frank was with the Queensland Department of Transport and Main Roads from 2006 to 2009.

Frank has a Bachelor of Engineering (Electrical) with first class honours and a Masters of Business Administration from the University of Queensland. He is also a Graduate Member of the Australian Institute of Company Directors and is a Fellow of the Australian Institute of Management.

Frank resigned as a director in October 2010.

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## Company Secretary

### Martine Stotschek

Martine Stotschek was Company Secretary from February 2008 to October 2010 and occupies the position of Project Manager within Transmax. She holds a Bachelor of Business (Communication – Public Relations), as well as a Diploma in Project Management. Martine has experience in retail management, including human resource management, compliance and workplace rehabilitation.

### Peter Sedgley

Peter Sedgley has been Company Secretary since October 2010 and occupies the position of Business Services Manager within 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 Attended | Board Meetings Held* |
|------------------|-------------------------|----------------------|
| D Merson (Chair) | 10                      | 10                   |
| J Lees (MD)      | 10                      | 10                   |
| A Krosch         | 4                       | 5                    |
| F Vardanega      | 5                       | 5                    |

\* Reflects the number of meetings held during the time the Director held office during the year.

## 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 (ITS). 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 in Queensland thereby contributing to the Queensland Government's 'Smart State' initiative.

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 the Charter and a Corporate Governance Framework that was previously developed, based on the 10 Principles of the ASX Corporate Governance Council. Copies of the documents are available on request.

Transmax does not currently comply with the Corporate Governance Framework (paragraph 4.2) "Structure the Board to add value". Under paragraph 4.2.1 "Independence", the majority of the board are required to meet the test for independence. As a smaller proprietary company, it is important that Transmax has a Board of a size that is appropriate to the size of the company.

As Transmax is a small proprietary company, no additional committees such as an Audit Committee have been established. Instead, the Board reconstitutes itself at certain meetings throughout the year, defined in the Board Calendar, to perform the tasks required of Audit, Risk Management, and Remuneration Committees.

### **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:

David Merson (Chair)

Allan Krosch (Resigned October 2010)

Frank Vardanega (Resigned October 2010)

John Lees (Managing Director)

All Directors, with the exception of John Lees, 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 this financial year are set out in the Directors' Report.

### **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, due to its small size, no additional committees such as an Audit Committee have been established.

### **The role of the shareholder**

The Board of Directors aims to ensure that the Shareholder, 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**

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit because 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

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interest. Frank Vardanega and Allan Krosch did receive consultant fees after resigning as directors. The total amount of consultancy fees paid was \$22,134.

David Merson receives payments as Chair of Transmax and John Lees receives payment as Managing Director. Frank Vardanega and Allan Krosch received directors and consultancy fees, these payments commenced after they left the Department of Transport and Main Roads. All Directors' payments are included within the Key Personnel note 25.

### **Indemnification and insurance of Directors and Officers**

Deeds of Indemnity were executed between the company and those Directors who were Crown employees and the Director-General of the Queensland Department of Transport and Main Roads. There was Director Insurance pursuant to the cover extended by a policy held by the Queensland Government (Queensland Government Insurance Fund) for those Directors.

During the year Transmax Pty Ltd paid a premium of \$9,487 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, (Director's and Officer's) Insurance and Indemnity have been executed between the company and those Directors who are not crown employees, as well as the Company Secretary.

### **Director's special responsibilities**

As Transmax is a small company, there is no separate Audit committee or any other committee. No Director undertakes any 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.

### **Principal activities**

The principal activities of Transmax are the development, support, and distribution of the "STREAMS" Intelligent Transport Systems and related Intelligent Transport System 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 2011.

### **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. Its parent entity is the Department of Transport and Main Roads. The Department of

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Transport and Main Roads has prepared a consolidated financial report for the 2010-2011 financial year.

### Review of operations

The profit before income tax for the financial year was \$1,478,537. This represents an increase of \$421,502 over the prior reporting period ended 30 June 2010. Revenue decreased by approximately 2.4%, due to a decrease in Equipment Sales and Data Network Services.

- Engineering and software services 16.1% increase
- Equipment Sales 57.2% decrease
- Data Network Services 71.6% decrease

The company is continuing to actively market its integrated, enterprise Intelligent Transport System, STREAMS, outside Queensland and is engaged in encouraging discussions with potential customers in other Australian states that see the benefits of using STREAMS to integrate some of their ITS requirements, and with significant overseas potential partners who have expressed interest in promoting the STREAMS platform.

In addition to the substantial amount of ongoing development work to support new road projects in Queensland, the initial engagements in Victoria and South Australia have continued to generate a steady flow of consulting work and work has commenced in Tasmania.

During the year Transmax committed a substantial amount of resources to the planning and deployment of new business systems to support

- more effective planning and scheduling of resources
- visibility and management of new business opportunities
- stronger financial management of projects

The resulting systems and process changes have resulted in improved visibility and management of the end to end business process, and provide more effective financial management tools.

### General

Transmax continued to market its capabilities to potential clients and partners within Australia and overseas, as well as promoting its ITS design and planning services to the civil engineering companies involved in delivering new road and road upgrade projects. This is beginning to show results, with interest from interstate road authorities and the development of some important international relationships.

Staff and Contractor numbers have not changed over the period, with a total full-time-equivalent of eight two at 30 June 2011.

### 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 2010 and has resulted in a tax rebate claim of \$339,878. The application for a Research and Development Concession for the 2011 financial year has not been finalised.

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### **Prior year adjustments**

A provision has been made against retained earnings of \$330,867 for a claim made by the Office of State Revenue for payroll tax on payments made to company contractors between 2006 and 2008. Transmax has challenged this claim.

Provision has been made in these financial statements for the rise and fall provision on VicRoads. Transmax have calculated the effect of this provision at \$428,269 of additional sales, \$219,048 of which relates to prior years. The provision is analysed as follows: -

- 2010/11 included in income for the year \$209,222
- 2009/10 prior year adjustment to retained earnings \$125,544
- 2008/09 prior year adjustment to retained earnings \$93,504

### **Events subsequent to financial position date**

The shareholding in Transmax Pty Ltd has been transferred from the Department of Transport and Main Roads to Transport Holdings Queensland Pty Ltd. This transfer took effect on the 1<sup>st</sup> July 2011.

### **Likely developments**

Transmax will increase its focus on establishing a STREAMS presence in chosen international 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 consolidated 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 Queensland Audit Office continues to provide audit services in accordance with section 325 of the Corporations Act 2001.

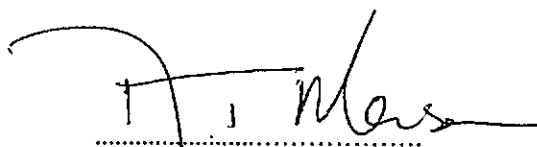
### **Non-audit services**

The company may decide to employ the auditor on assignments additional to their statutory audit duties, where the auditor's expertise and experience with the company are important. During the financial year the company did not employ the auditor (Queensland Audit Office) for any non-audit services. Details of the amounts paid to the auditors for audit services are disclosed in the "Notes to the Financial Statements".



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Signed in accordance with a resolution of the directors.



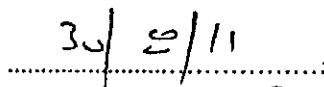
David Merson  
Chair



Date



John Lees  
Managing Director



Date

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**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 2011, 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.



M R Hyman CA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the financial year ended 30 June 2011**

|  | Notes | 2011<br>\$       | 2010<br>\$       |
|--|-------|------------------|------------------|
| <b>Continuing operations</b>                   |       |                  |                  |
| Revenue  | 3     | 13,434,289       | 13,763,241       |
| Cost of sales                                  | 4     | (7,301,965)      | (8,735,943)      |
| <b>Gross profit</b>                            |       | <b>6,132,324</b> | <b>5,027,298</b> |
| Interest income                                |       | 117,933          | 58,971           |
| Depreciation                                   |       | (232,021)        | (245,277)        |
| Amortisation                                   |       | (45,799)         | (84,327)         |
| Research and development expenses              | 5     | (826,509)        | (268,314)        |
| Sales and marketing expenses                   | 6     | (1,023,538)      | (618,987)        |
| Administration expenses                        | 7     | (2,598,372)      | (2,756,529)      |
| Other expenses                                 | 9     | (44,380)         | (54,745)         |
| Finance costs                                  |       | (1,101)          | (1,055)          |
| Profit before income tax                       |       | 1,478,537        | 1,057,035        |
| Income tax expense                             | 10    | (102,764)        | 427              |
| <b>Total comprehensive income for the year</b> |       | <b>1,375,773</b> | <b>1,057,462</b> |
| Profits attributable to owners of the company  |       | 1,375,773        | 1,057,462        |

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 2011**

|                                      | Notes | 2011<br>\$       | 2010<br>\$       |
|--------------------------------------|-------|------------------|------------------|
| <b>Assets</b>                        |       |                  |                  |
| Cash and cash equivalents            | 11    | 3,972,909        | 2,045,667        |
| Trade and other receivables          | 12    | 3,295,522        | 2,712,410        |
| Current tax assets                   |       | -                | 463,946          |
| Other current assets                 | 13    | 974,583          | 916,164          |
| Inventories                          |       | 122,585          | 127,308          |
| <b>Total current assets</b>          |       | <b>8,365,599</b> | <b>6,265,495</b> |
| Deferred tax assets                  |       | 335,382          | 155,333          |
| Plant and equipment                  | 14    | 419,281          | 391,438          |
| Intangible assets                    | 15    | 597              | 46,395           |
| <b>Total non-current assets</b>      |       | <b>755,260</b>   | <b>593,166</b>   |
| <b>Total assets</b>                  |       | <b>9,120,859</b> | <b>6,858,661</b> |
| <b>Liabilities</b>                   |       |                  |                  |
| Trade and other payables             | 16    | 1,364,175        | 981,518          |
| Accrued employee benefits            | 17    | 330,756          | 314,560          |
| Current tax liabilities              |       | 250,386          | -                |
| Unearned revenue                     |       | 222,701          | 169,457          |
| Other current liabilities            |       | 416,298          | 288,754          |
| <b>Total current liabilities</b>     |       | <b>2,584,316</b> | <b>1,754,289</b> |
| Accrued employee benefits            | 17    | 56,397           | -                |
| <b>Total non-current liabilities</b> |       | <b>56,397</b>    | <b>-</b>         |
| <b>Total liabilities</b>             |       | <b>2,640,713</b> | <b>1,754,289</b> |
| <b>Net assets</b>                    |       | <b>6,480,146</b> | <b>5,104,372</b> |
| <b>Equity</b>                        |       |                  |                  |
| Contributed equity                   | 18    | 601,062          | 601,062          |
| Retained profits                     | 19    | 5,879,084        | 4,503,310        |
| <b>Total equity</b>                  |       | <b>6,480,146</b> | <b>5,104,372</b> |

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

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**STATEMENT OF CHANGES IN EQUITY**  
**for the financial year ended 30 June 2011**

|   | Notes | Retained Profits<br>2011<br>\$ | 2010<br>\$ | Contributed Equity<br>2011<br>\$ | 2010<br>\$ |
|---|-------|--------------------------------|------------|----------------------------------|------------|
| Balance at 1 July                       |       | 4,503,310                      | 3,445,848  | 601,062                          | 601,062    |
| Total comprehensive income for the year |       | 1,375,774                      | 1,057,462  | -                                | -          |
| Balance at 30 June                      |       | 5,879,084                      | 4,503,310  | 601,062                          | 601,062    |

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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 2011**

|  | Notes | 2011<br>\$   | 2010<br>\$   |
|--|-------|--------------|--------------|
| <b>Cash flows from operating activities</b>            |       |              |              |
| Receipts from customers (inclusive of GST)             |       | 12,846,002   | 12,804,432   |
| Payments to suppliers and employees (inclusive of GST) |       | (11,208,350) | (13,100,223) |
| Cash generated from operating activities               |       | 1,637,652    | (295,791)    |
| Interest received                                      |       | 117,933      | 58,971       |
| Income tax received/(paid)                             |       | 431,521      | (311,586)    |
| Net cash flow from operating activities                | 29    | 2,187,106    | (548,406)    |
| <b>Cash flows from investing activities</b>            |       |              |              |
| Payments for plant and equipment                       |       | (259,864)    | (204,846)    |
| Net cash used in investing activities                  |       | (259,864)    | (204,846)    |
| <b>Cash flows from financing activities</b>            |       |              |              |
| Proceeds from issue of shares                          |       | -            | -            |
| Net cash from financing activities                     |       | -            | -            |
| Net increase (decrease) in cash and cash equivalents   |       | 1,927,242    | (753,252)    |
| Cash and cash equivalents at 1 July                    |       | 2,045,667    | 2,798,919    |
| Cash and cash equivalents at 30 June                   |       | 3,972,909    | 2,045,667    |

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

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

### 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 the financial 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 Transmax Pty Ltd's functional and presentation currency.

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 substantially enacted by the

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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.
- *Equipment Sales* are recognised at the point of supply or at the completion of commissioning.
- *Data Network Services* are the amounts billed for the supply of network installations and on-going 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.



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**(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 rates 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 licenses 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 3 to 5 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. Due to the nature of the business and the customers, Transmax at this time, has not provided 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. It is believed that the company will be able to collect all outstanding trade receivables.

**(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 with 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.

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**(t) New accounting standards and interpretations**

A number of new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. An assessment of the impact of the new standards and interpretations are set out below.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 is mandatory from 30 June 2014. A requirement for retrospective application may be required if not adopted by 30 June 2012. Transmax has not yet determined the effect of the new standard.
- AASB 124 *Related Party Disclosures* (effective for 30 June 2012 statements). This standard simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements of government-related entities. It is not expected to have a material impact on Transmax.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for 30 June 2012 statements). Addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. This interpretation will require retrospective application. It is not expected to have a material 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 below.

**(i) Income taxes**

The company is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

|   | 2011<br>\$        | 2010<br>\$        |
|---|-------------------|-------------------|
| <b>3. Revenue</b>                           |                   |                   |
| <i>Operating activities:</i>                |                   |                   |
| Engineering and software services           | 12,087,688        | 10,411,018        |
| Equipment sales                             | 1,144,326         | 2,674,062         |
| Data network services                       | 192,871           | 678,160           |
|   | <u>13,424,885</u> | <u>13,763,240</u> |
| <i>Other revenues:</i>                      |                   |                   |
| Foreign currency gain                       | 9,404             | 1                 |
| Total                                       | <u>13,434,289</u> | <u>13,763,241</u> |
| <b>4. Cost of sales</b>                     |                   |                   |
| Engineering and software services           | 6,242,140         | 5,978,743         |
| Equipment sales                             | 878,007           | 2,313,587         |
| Data network services                       | 181,818           | 443,613           |
| Total                                       | <u>7,301,965</u>  | <u>8,735,943</u>  |
| <b>5. Research and development expenses</b> |                   |                   |
| Research and development labour             | 823,468           | 264,306           |
| Research and development expenses           | 3,041             | 4,008             |
| Total                                       | <u>826,509</u>    | <u>268,314</u>    |
| <b>6. Sales and marketing expenses</b>      |                   |                   |
| Labour                                      | 839,973           | 536,975           |
| Conference and trade shows                  | 23,959            | 41,407            |
| Marketing, travel and advertising           | 80,441            | 40,605            |
| Overseas agents                             | 79,165            | -                 |
| Total                                       | <u>1,023,538</u>  | <u>618,987</u>    |

|                                    | 2011<br>\$       | 2010<br>\$       |
|------------------------------------|------------------|------------------|
| <b>7. Administration expenses</b>  |                  |                  |
| Property and tenancy expenses      | 434,834          | 369,148          |
| HR labour and expenses             | 296,394          | 319,026          |
| IT labour and expenses             | 634,833          | 524,794          |
| Administration labour and expenses | 1,232,311        | 1,543,561        |
| <b>Total</b>                       | <b>2,598,372</b> | <b>2,756,529</b> |

**8. 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        | 5,738,224        | 4,627,107        |
| Superannuation            | 576,515          | 466,455          |
| Accrued employee benefits | 274,684          | 271,048          |
| Fringe benefit tax        | 1,450            | 6,332            |
| Contractor labour         | 2,172,322        | 2,989,735        |
| <b>Total</b>              | <b>8,763,195</b> | <b>8,360,677</b> |

**9. Other expenses**

|                  |               |               |
|------------------|---------------|---------------|
| Operating leases | 9,896         | 20,775        |
| Audit fees       | 28,500        | 27,000        |
| Accounting fees  | 1,500         | 6,500         |
| Sundry expenses  | 543           | 470           |
| Interest expense | 3,941         | -             |
| <b>Total</b>     | <b>44,380</b> | <b>54,745</b> |

|   | 2011<br>\$ | 2010<br>\$ |
|---|------------|------------|
| <b>10. Income tax expense</b>   |            |            |
| Current tax expense   | 183,552    | 6,785      |
| Deferred tax expense (income) relating to origination and reversal of temporary differences | (80,788)   | (7,212)    |
| Total income tax attributable to profit   | 102,764    | (427)      |

**Numerical reconciliation of income tax expense to prima facie tax payable**

|   |           |           |
|---|-----------|-----------|
| Profit from continuing operations before income tax expense                         | 1,478,537 | 1,057,035 |
| Tax at the rate of 30%  | 443,561   | 317,110   |
| Tax effect amounts which are not deductible (taxable) in calculating taxable income | -         | -         |
| Research & development concession   | (339,878) | (346,170) |
| Tax adjustment for prior periods  | (1,116)   | -         |
| Permanent differences   | 197       | 28,633    |
| Income tax expense  | 102,764   | (427)     |

**11. Cash and cash equivalents**

|                          |           |           |
|--------------------------|-----------|-----------|
| Cash at bank and in hand | 3,972,909 | 2,045,667 |
| Total                    | 3,972,909 | 2,045,667 |

**12. Trade and other receivables**

|                   |           |           |
|-------------------|-----------|-----------|
| Trade receivables | 2,864,283 | 2,490,711 |
| Sundry debtors    | 429,322   | 219,048   |
| Accrued revenue   | 1,917     | 2,651     |
| Total             | 3,295,522 | 2,712,410 |

|   | 2011        | 2010        |
|---|-------------|-------------|
|   | \$          | \$          |
| <b>13. Other current assets</b>   |             |             |
| Prepayments   | 23,907      | 39,281      |
| Work-in-progress  | 950,676     | 876,883     |
| Total   | 974,583     | 916,164     |
| <b>14. Plant and equipment</b>  |             |             |
| Plant and equipment at cost   | 1,686,025   | 1,426,161   |
| Less: Accumulated depreciation  | (1,266,744) | (1,034,723) |
| Net book amount   | 419,281     | 391,438     |
| <i>Reconciliation</i>   |             |             |
| The reconciliation of the carrying amount for plant and equipment is set out below: |             |             |
| Opening net book amount   | 391,438     | 431,928     |
| Additions   | 259,864     | 204,787     |
| Disposals   | -           | -           |
| Depreciation charge   | (232,021)   | (245,277)   |
| Closing net book amount   | 419,281     | 391,438     |
| <b>15. Intangible assets</b>  |             |             |
| Computer software – at cost   | 311,563     | 311,563     |
| Less: Accumulated amortisation  | (310,967)   | (265,168)   |
| Net book amount   | 597         | 46,395      |
| <i>Reconciliations</i>  |             |             |
| The reconciliation of the carrying amount for intangibles is set out below:         |             |             |
| Opening net book amount   | 46,395      | 130,722     |
| Additions   | -           | -           |
| Disposals   | -           | -           |
| Less: Amortisation charge   | (45,798)    | (84,327)    |
| Closing net book amount   | 597         | 46,395      |



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.

|                                     | 2011             | 2010           |
|-------------------------------------|------------------|----------------|
|                                     | \$               | \$             |
| <b>16. Trade and other payables</b> |                  |                |
| Trade payables                      | 218,178          | 131,458        |
| Payroll tax                         | 330,868          | 362,883        |
| Other payables                      | 480,913          | 295,227        |
| GST payable                         | 334,216          | 191,950        |
| <b>Total</b>                        | <b>1,364,175</b> | <b>981,518</b> |

**17. Accrued employee benefits**

*Current*

|                      |                |                |
|----------------------|----------------|----------------|
| Accrued annual leave | 330,756        | 314,560        |
| <b>Total</b>         | <b>330,756</b> | <b>314,560</b> |

*Non-current*

|                                  |               |          |
|----------------------------------|---------------|----------|
| Provision for long service leave | 56,397        | -        |
| <b>Total</b>                     | <b>56,397</b> | <b>-</b> |

|  | 2011    | 2010    |
|--|---------|---------|
|  | \$      | \$      |
| <b>18. Contributed equity</b>                |         |         |
| Ordinary shares - issued and fully paid      | 601,061 | 601,061 |
| Special (control) shares - issued fully paid | 1       | 1       |
| Total contributed equity                     | 601,062 | 601,062 |
| <i>Movement in ordinary shares on issue</i>  |         |         |
| As at 1 July                                 | 601,061 | 601,061 |
| Shares issued                                | -       | -       |
| As at 30 June                                | 601,061 | 601,061 |
| <i>Movement in special shares on issue</i>   |         |         |
| As at 1 July                                 | 1       | 1       |
| Shares issued                                | -       | -       |
| As at 30 June                                | 1       | 1       |

All company shares 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; and
  - 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.

|                                       | 2011      | 2010      |
|---------------------------------------|-----------|-----------|
|                                       | \$        | \$        |
| <b>19. Retained profits</b>           |           |           |
| Retained profits at beginning of year | 4,503,310 | 3,445,848 |
| Net profit                            | 1,375,774 | 1,057,462 |
| Retained profits at end of year       | 5,879,084 | 4,503,310 |

## 20. 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<br>2011<br>\$ | Net Fair Value<br>2011<br>\$ |
|------------------------------|-------------------------------------|------------------------------|
| Cash                         | 3,972,909                           | 3,972,909                    |
| Receivables                  | 3,295,522                           | 3,295,522                    |
| <b>Total</b>                 | <b>7,268,431</b>                    | <b>7,268,431</b>             |
| <b>Financial liabilities</b> |                                     |                              |
| Payables                     | 1,364,175                           | 1,364,175                    |
| Employee benefits            | 387,153                             | 387,153                      |
| <b>Total</b>                 | <b>1,751,328</b>                    | <b>1,751,328</b>             |

| Financial Assets             | Total Carrying Amount<br>2010<br>\$ | Net Fair Value<br>2010<br>\$ |
|------------------------------|-------------------------------------|------------------------------|
| Cash                         | 2,045,667                           | 2,045,667                    |
| Receivables                  | 2,712,410                           | 2,712,410                    |
| <b>Total</b>                 | <b>4,758,077</b>                    | <b>4,758,077</b>             |
| <b>Financial Liabilities</b> |                                     |                              |
| Payables                     | 981,518                             | 981,518                      |
| Employee benefits            | 314,560                             | 314,560                      |
| <b>Total</b>                 | <b>1,296,078</b>                    | <b>1,296,078</b>             |

### (c) Interest Rate Risk

|                         | 2011<br>\$  | 2010<br>\$  |
|-------------------------|-------------|-------------|
| <b>Financial Assets</b> |             |             |
| Cash at bank            | 3,972,909   | 2,045,667   |
| Interest rate           | 2.35%-5.60% | 0.40%-5.60% |

|   | 2011      | 2010      |
|---|-----------|-----------|
|   | \$        | \$        |
| <b>21. Auditor's remuneration</b>                       |           |           |
| Queensland Audit Office                                 |           |           |
| Audit review of the financial report                    | 32,500    | 27,000    |
| <b>22. Contingent liabilities</b>                       |           |           |
| There are no contingent liabilities.                    |           |           |
| <b>23. Commitments</b>                                  |           |           |
| Lease commitments (inclusive of GST).                   |           |           |
| <i>Transmax operating leases for one motor vehicles</i> |           |           |
| Within one year   | -         | 8,825     |
| Later than one year but not greater than five years     | -         | -         |
|   | -         | 8,825     |
| <i>Office building lease</i>                            |           |           |
| Within one year   | 312,958   | 286,430   |
| Later than one year but not greater than five years     | 888,889   | 1,131,195 |
|   | 1,201,847 | 1,417,625 |

**24. 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.

**25. Key management personnel disclosures**

David Merson has been paid as Chair of Transmax, Frank Vardanega and Allan Krosch as Directors of Transmax and John Lees as Managing Director. Other key managers are included in the accounts, three in the June 2010 amounts and five in the June 2011 amounts.

|  | 2011    | 2010    |
|--|---------|---------|
|  | \$      | \$      |
| <b>Key management personnel compensation</b> |         |         |
| Short-term employee benefits                 | 464,828 | 270,134 |
| Post-employment benefits                     | 46,542  | 27,523  |
| Other long term benefits                     | 35,304  | -       |
| Termination benefits                         | -       | -       |
| Share-based benefits                         | -       | -       |

## 26. Subsequent events

The shareholding in Transmax has been transferred from the Department of Transport and Main Roads to Transport Holdings Queensland Pty Ltd. This transfer took effect on the 1<sup>st</sup> July 2011.

## 27. Segment report

Transmax operates one business segment in one geographic location.

## 28. Related party transactions

As at 30 June 2011, statement of financial position items included the following amounts in relation to the Queensland Department of Transport and Main Roads.

Related parties are the parent entity as Department of Transport and Main Roads, and subsidiary of Parent, Queensland Motorways until the 31/3/11.

|  | 2011      | 2010      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>Sale and purchase transactions</b>  |           |           |
| Sale of goods and services (exclusive of GST)                                  | 8,584,306 | 8,927,145 |
| <b>Outstanding balances arising from sales/purchases of goods and services</b> |           |           |
| Amounts receivable from related parties  | 2,853,460 | 1,806,176 |
| <b>Equity</b>  |           |           |
| Contributed equity   | 601,062   | 601,062   |

|  | 2011             | 2010             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>29. Reconciliation of profit after income tax to net cash from operating activities</b> |                  |                  |
| Profit after income tax  | 1,375,773        | 1,057,462        |
| Adjustments for:   |                  |                  |
| Depreciation and amortisation  | 277,820          | 329,661          |
|  | <u>1,653,593</u> | <u>1,387,123</u> |
| Decrease / (Increase) in other assets  | (58,419)         | (603,677)        |
| Decrease / (Increase) in receivables   | (583,111)        | (1,270,417)      |
| Decrease / (Increase) in inventories   | 4,723            | 765,176          |
| Decrease / (Increase) in deferred tax assets   | (180,049)        | (7,212)          |
| (Decrease) / Increase in payables  | 382,657          | (111,480)        |
| (Decrease) / Increase in accrued employee benefits   | 72,593           | 102,450          |
| (Decrease) / Increase in unearned revenue  | 53,244           | (427,744)        |
| (Decrease) / Increase in current tax   | 714,331          | (458,311)        |
| (Decrease) / Increase in other current liabilities   | 127,544          | 75,685           |
| Net cash from operating activities   | <u>2,187,106</u> | <u>(548,406)</u> |

### 30. Correction of errors

A provision for the rise and fall on the VicRoads contract has been made retrospectively. Transmax have calculated the additional sales due to the increase in charge out rates for prior years. The additional revenue recognised in 2009-10 is \$125,544 and 2008-09 is \$93,504. The prior year figure for accounts receivable was also increased by \$219,048.

### 31. Company details

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

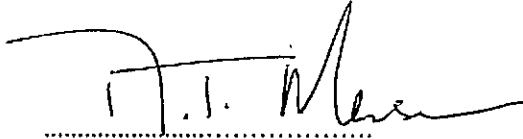
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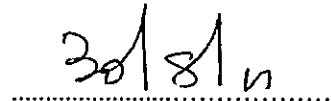
## DIRECTORS' DECLARATION

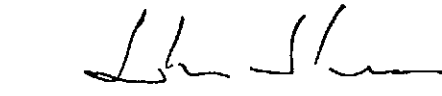
In the opinion of the Directors of Transmax Pty Ltd:

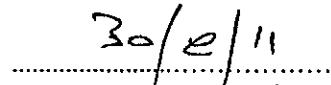
- (a) the financial statements and notes set out on pages 9 to 28 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the company as at 30 June 2011 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia, the *Corporations Regulations 2001*, other mandatory professional reporting requirements; and
- (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.

  
.....  
David Merson  
Chair

  
.....  
Date

  
.....  
John Lees  
Managing Director

  
.....  
Date

## INDEPENDENT AUDITOR'S REPORT

To the Members of Transmax Pty Ltd

This auditor's report relates to the financial report of Transmax Pty Ltd for the year ended 30 June 2011. Where the financial report is included on Transmax Pty Ltd's website the company's directors are responsible for the integrity of Transmax Pty Ltd's website and I have not been engaged to report on the integrity of Transmax Pty Ltd's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

### **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 2011, 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 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 entity'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 entity'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 only be removed 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 on 29 August 2011, 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 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### **Matters Relating to the Electronic Presentation of the Audited Financial Report**

This auditor's report relates to the financial report of Transmax Pty Ltd for the year ended 30 June 2011. Where the financial report is included on Transmax Pty Ltd's website the company's directors are responsible for the integrity of Transmax Pty Ltd's website and I have not been engaged to report on the integrity of Transmax Pty Ltd's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



M R Hyman CA  
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office  
Brisbane