



Released 23 August 2018

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2018

Saferoads delivers good profit growth

HIGHLIGHTS

- Revenue is up \$2.2 million (or 13.3%) to \$19.2 million with strong growth in Export sales, which were \$872k, up \$405k (or 86%). We now export to the USA, Europe, the Middle East and New Zealand.
- Gross margin is a pleasing 34% and slightly ahead of the 2017 result.
- EBITDA of \$1.4 million is up 71% on the previous year.
- Profit after tax of \$710k representing a \$591k improvement on last year. There is minimal tax expense this year as the company continues to have tax losses that have not been recognized as an asset. There is no tax payable for 2018.
- We have generated \$1.47 million in operating cash flows from strong working capital management and profits generated.
- We have continued to invest strongly in ongoing and new R&D initiatives during the year with successful crash testing, to International Standards. Our new crash-tested products have been submitted for the necessary regulatory approvals in the USA and Australia.
- Strong order book with \$4.6 million work in hand (up 64% from the same period last year)

FINANCIAL HEADLINES

12 months ending	June 2018 \$'000	June 2017 \$'000
Revenue	19,193	16,936
EBITDA	1,371	800
Depreciation and amortisation	(515)	(459)
EBIT	856	341
Finance costs	(143)	(187)
Profit/(loss) after tax	710	119
Operating cash flows	1,470	1,218
Gearing (net debt / net debt + equity)	15.6%	20.2%



SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

YEAR ENDED 30 JUNE 2018

OUR TRANSFORMATION CONTINUES

We continue to implement strategies and invest to transform the company to achieve acceptable and sustainable shareholder returns. We have made good progress this year and the recovery momentum is evident from our financial and innovation successes.

- We continue to consolidate our pursuit of international markets for our patented products with improved sales to North America, Europe, Middle East and New Zealand over the past 12 months. We move into 2019 with over \$950k of export orders, to be delivered in the first quarter.
- Our barrier rental business continues to achieve very high fleet utilisation for its core Ironman™ Hybrid product and our focus remains on holistic solutions for our customers. We have continued to grow and diversify the rental fleet and it now includes our T-Lok concrete barrier and our VMS solar powered messaging boards.
- Our Public Lighting Solutions portfolio of on-grid and off-grid products continues to achieve strong growth (revenue up 27%). There was a significant sale to a major rental company of our licensed portable Solar Light Towers, initially for the Gold Coast Commonwealth Games.
- We have continued our investment in innovative product R&D. During the financial year we have conducted successful crash testing of our new 100kph patented Temporary Workzone Crash Barrier ("HV2") along with its complementary end terminals. The necessary regulatory approvals have been lodged in the USA and Australia and are progressing. Once approved, we will have a new temporary barrier system that will comply with strict new standards coming into effect in USA and Australia.
- The other significant R&D project has been our High Security Omni-stop™ Bollard range. We have some regulatory approvals to date with others to come and demand and sales of the product have been particularly encouraging.
- These physical crash test outcomes continue to mirror the results of our sophisticated product performance and crash simulation software that underscores the value of this unique capability that we have within our industry.



SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET YEAR ENDED 30 JUNE 2018

OUTLOOK

- Our Rental business expansion project will continue and the capital requirements will need a measured allocation of our available funds and borrowing capacity.
- Our Barrier product range should expand with the regulatory approvals in the USA and Australia expected. We will continue to negotiate with interested parties in the USA and Australia to achieve the best financial return for the company and our Shareholders.
- We will remain focused on innovation and will continue to bring to market products with both domestic and international sales potential. Of particular focus will be the continued development and crash testing of adaptations for the Omni range of High Security Pedestrian Safety Bollard. We have just recently successfully crash tested our new freestanding version of this product.
- We anticipate another year of increased profit to build on this year's pleasing result.

Enquiries/Additional Information:

David Ashmore, Chairman
Ph: 03 5945 6600

ABOUT SAFEROADS

Saferoads is an ASX listed company specializing in providing innovative safety solutions. Headquartered in Pakenham, Victoria with representation across Australia, New Zealand and the USA, the company provides state government departments, local councils, road construction companies and equipment hire companies with a broad range of products and services designed to direct, protect, inform and illuminate for the public's safety.



**APPENDIX 4E
and
FINANCIAL REPORT**

YEAR ENDED 30 JUNE 2018

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

RELEASED 23 August 2018

Appendix 4E
Preliminary Final Report for the year ended 30 June 2018

Name of entity	ABN Reference
SAFEROADS HOLDINGS LIMITED	81 116 668 538

1. Reporting periods

Year ended (‘current period’)	Year ended (‘previous corresponding period’)
30 June 2018	30 June 2017

2. Results for announcement to the market

	Current period	Previous corresponding period	% Change increase / (decrease)	Amount (\$) increase / (decrease)
	\$	\$		\$
Key information				
Revenue from ordinary activities	19,192,803	16,935,692	13%	2,257,111
Profit/(loss) from ordinary activities after tax attributable to members	709,692	118,847	497%	590,845
Net profit/(loss) for the period attributable to members	709,692	118,847	497%	590,845
Dividends (distributions)			Amount per share	Franked amount per share
Final dividend	Record Date Paid	N/A N/A	N/A	N/A
Interim dividend	Record Date Payable	N/A N/A	N/A	N/A
Supplementary comments				
Commentary in respect of the results is provided in the attached Chairman's Overview and CEO's Review of Operations and Activities.				

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (cents)	13.1 cents	12.5 cents

4. Dividends

	Date paid/payable	Amount per share	Franked amount per share	Amount per share of foreign source dividend	Amount \$
Final dividend:	N/A	N/A	N/A	N/A	N/A
Interim dividend:	N/A	N/A	N/A	N/A	N/A

5. Dividend reinvestment plans

N/A

6. Associates and Joint Ventures

N/A

7. Foreign entities

N/A

CHAIRMAN'S OVERVIEW

Dear Shareholder,

FINANCIAL OVERVIEW

On behalf of the Board, I am pleased to report a profit after tax for the financial year of \$710k that is an excellent result reflecting solid organic sales growth and good cost management. This profit is however only a solid start towards a much larger goal but it does reflect our ongoing sustainable transformation across the business. Another key aspect of our recovery is the ongoing development of new products and the establishment of new markets during the year.

Revenue was up \$2.2 million, or 13% to \$19.2 million. There was an improvement in gross margins, which is pleasing given the highly competitive nature of the markets we operate in. Our continued focus on supply side cost reductions and product quality control has certainly enhanced our ability to organically generate sales. Of particular importance has been the interest in our products from national industrial hire companies that underscores the quality and regulatory acceptance of our barriers and our solar light products.

Further scheduled bank debt reduction of \$134k for the year saw it reduce to \$1.86 million and with the full year effect of our revised facility rates, our finance costs reduced further. We have used hire purchase finance as necessary for our rental fleet expansion and replacement motor vehicles. Our overall net debt to equity gearing has reduced further from 20.2% to 15.6%.

We again generated strong operating cash flows during the year, allowing us to maintain adequate cash reserves to support the working capital needs of the business and provide the basic funding for our significant product innovation projects.

The table below summarizes the key metrics of the transformation over the past three financial years:

	<u>Year ending 30 June</u>		
	2016 \$'000	2017 \$'000	2018 \$'000
Revenue	16,269	16,936	19,193
EBITDA	504	800	1,371
Profit/(loss) after tax	(116)	119	710
Operating cash flows	1,227	1,218	1,470
Gearing (net debt / net debt + equity)	24.4%	20.2%	15.6%

STRATEGIC OPPORTUNITIES

During 2018, we have achieved good underlying profitability and our main priority continues to be organic growth in sales to regain our former market share and in turn enhanced profits. Each of our products have, for their respective markets, key initiatives that are gaining momentum and enhancing our profitability.

National transport infrastructure spending continues to grow with committed funding from State and Federal Governments for major Australian transport infrastructure projects continuing to be a high priority. The majority of these are on the eastern seaboard where we are involved in some significant major projects. Our concrete temporary barrier solution in particular continues to be an attractive offering for major road works along the Pacific Highway in northern NSW and southern Queensland. Our RoadQuake™ rumble strip is gaining significant acceptance for its ability to physically enforce roadworks speed limits.

Another area of strategic focus for us is pedestrian safety. The ongoing events around the world involving vehicles deliberately driven into urban precincts designated predominantly for pedestrians is a major concern. In response, we have developed our new OmniStop™ High Security Pedestrian Safety Bollard and we are looking at further more flexible temporary solutions designed to do this in such a way that does not decrease the ambience of the urban area designated to be people-friendly.

We will remain focused on innovations that have the potential to capitalize on both domestic and the significant overseas markets. Accordingly, we are developing strong relationships with key players to take our products to market.

ACKNOWLEDGMENTS

It has been another busy and successful year for the Company. This is attributable to the dedication, skills and ongoing efforts of our loyal staff who continue to find ways to provide innovative and value-added solutions for our customers.

Finally, I sincerely thank all our shareholders for their ongoing patience and continued support. Our primary focus continues to be the substantial improvement in the financial performance and sustainability of your Company and I am sure you can see that we are making steady progress towards this outcome.



David Ashmore
Chairman of the Board

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS AND ACTIVITIES

PERFORMANCE DURING 2017-2018

The past financial year has been another successful one for Saferoads, having achieved a significant improvement in profit of \$591k over the previous year to give us \$710k net profit after tax.

This was on the back of a 13% increase in revenue to \$19.2 million and a corresponding \$0.9 million increase in gross profit, driven by increased volume and margin. This was achieved through continued organic growth across most sectors of our business and the almost doubling of International sales year on year, particularly from the USA.

Domestically, we secured our first sale of *Ironman™ Hybrid* temporary barriers to a major equipment hire company and we anticipate further transactions in the new financial year.

We continued to secure significant contracts for our exclusively licensed concrete barrier solution, the *T-LOK™* barrier with additional sections of the Pacific Highway upgrade in northern NSW as well as major projects in Tasmania and some Victorian metropolitan construction work zones. The introduction of our exclusively licensed *SLED™* end terminal during FY2018 allowed us to offer a more holistic temporary barrier solution to customers.

Our Rental portfolio, now branded *Road Safety Rental*, broadened its offering during the year to not only provide our proprietary *Ironman™ Hybrid* temporary barrier system but also our proprietary *ZONE* VMS trailers. With our specialised knowledge in flexible deployments and expertise in required traffic layouts we have specifically targeted second tier contractors who require our expertise to mobilise their work zones, skillsets these customers generally don't have internally.

Our Public Lighting portfolio reported significant growth, mainly in the area of solar solutions, where we were successful in procuring a significant order of portable solar light towers by a major Australian equipment hire company, some of which were utilised at this year's Commonwealth Games on the Gold Coast in Queensland.

Our initiatives in adapting solar lighting for public spaces has seen us successfully deliver solutions for customers including portable solar light poles (incorporating CCTV) for public events and site security and even solar lights mounted on sound walls and other public infrastructure to prevent graffiti.

Our urban street lighting portfolio grew by 10% year on year as we maintained our leading market share in the Victorian residential development space. With urban population growth expected to continue at current rates, we continue to provide the best range of product and an exemplary service to site for our broadening customer base.

Internationally, we doubled our revenue from the past financial year. This included further orders from our USA distributor of *Ironman™* barriers. We had additional orders for our flexible signage from a European customer and we continue to sell our Traffic products into New Zealand.

We also successfully introduced our portable solar lighting products to the New Zealand market.

INNOVATION INITIATIVES

Saferoads prides itself on being able to develop new and innovative public safety solutions and we achieved a great deal in the past financial year. The main areas of focus were on our new HV2™ temporary barrier system and our OmniStop™ pedestrian safety bollard range.

The most significant development for the year was the very successful crash testing of our new HV2™ barrier system in January. The HV2™ Barrier is a free standing, temporary longitudinal barrier system successfully crash tested to the MASH TL-4 standard, which included redirecting a 10 tonne truck. This is a major development for this product that now complies with the new benchmark crash test standard to be in force in the USA from 2020 onwards. We have now applied for the necessary regulatory approvals to give us a fully compliant and marketable system for the huge market in the USA and also here in Australia.

During the year we also successfully crash tested two OmniStop™ pedestrian Security bollards and both stop a vehicle travelling at 50kph. Our 2,270kg (SUV) version complied with the leading USA standard (ASTM 3016-14). The 1,600kg (family sedan) version was approved for use by VicRoads and NSW RMS during the year. This represents very substantial steps forward in effective and convenient pedestrian protection and each is capable of use as either a fixed or a removable temporary deployment depending on the intended safety-zone application.

These OmniStop™ Bollard products are being developed for sale into global markets to help address the very real issue of pedestrian protection.

LOOKING AHEAD

With committed domestic future road infrastructure spend at record levels, now is the right time to invest in our industry. We are very optimistic that we have the right product and service offerings to obtain our share of this expected growth and have already benefited from this in the past financial year.

We intend to invest further in our Road Safety Rental brand, through offering a broader range of work zone products and services for the construction sector, particularly in Victoria.

We anticipate we will receive regulatory approval of our new HV2™ barrier solution in both Australia and USA, which will enable full commercialisation into markets that will require this type of barrier solution.

We will continue to build on our public lighting business, with particular focus on our diversified solar lighting opportunities.

Finally, I would like to acknowledge the support of all the Saferoads team, who have delivered a solid financial performance for FY2018 and with the progress of our current initiatives we are focussed on delivering another year of sustainable profit growth.



Darren Hotchkin
Chief Executive Officer

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2018.

DIRECTORS

David Ashmore	Non-Executive Chairman	Appointed 22 November 2012
Darren Hotchkin	Executive Director (CEO)	Appointed 21 October 2005
David Cleland	Non-Executive Director	Appointed 1 December 2010

DIRECTOR PROFILES

David Ashmore (Age 66) (FCA GAICD F.FIN) **Non-Executive Chairman**

David Ashmore was appointed to the Board on 22 November 2012 and was re-elected at the November 2013, October 2015 and October 2017 AGM's. He was appointed Chairman of the Board on 19 August 2013. He is Chairman of the Remuneration Committee and a member of the Audit and Risk Committee.

David is a career Chartered Accountant with 40 years of professional public practice experience focused on audit, finance, due diligence, risk and governance advisory. David has worked with many dynamic private and public companies where his experience has assisted them understanding their underlying financial position, their financial management issues and business growth challenges. Those challenges typically included the development of sustainable executive management structures and business value building initiatives. He also has significant experience with the identification and management of financial and business risks and the development of structured business decision-making protocols.

David has considerable experience in a leadership and a chairman role through his work on numerous Audit Committee appointments and as a Senior Partner, Board Member and Practice Leader. He is a Fellow of the Institute Chartered Accountants in Australia, a Graduate member of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australia.

Directorships of other listed companies during the preceding three years: Respiri Limited (2014-2016).

Darren Hotchkin (Age 54) **Executive Director/Chief Executive Officer**

Darren Hotchkin was appointed to the Board on 21 October 2005 as Managing Director. On 7 February 2011 he stepped aside as Managing Director but remained on the Board as a Non-Executive Director and was re-elected at the October 2011 and November 2013 AGM's. He was appointed as Chief Executive Officer on 10 April 2012.

Darren is the founder of Saferoads. He has a background in the automotive industry where he owned and operated several businesses. In 1992, he founded the company now trading as our wholly-owned subsidiary, Saferoads Pty Ltd, to commercialise his invention of a rubber guidepost, manufactured from recycled car tyres.

As Chief Executive Officer, Darren's key contribution to the business is in the strategic development of the Company's product range and manufacturing processes as well as in business development. He continues to be active in Research and Development and in seeking to effectively expand the Company's product base through international research of products that have the potential to find a sustainable place in the Australian market. Darren is also an eagerly sought-after international expert speaker on road safety barriers, having presented at various International Road Federation conferences.

Darren has not served as a Director of any other listed companies during the preceding three years.

David Cleland (Age 73) (Dip.ME GAICD FIE (retired))
Non-Executive Director

David Cleland was appointed to the Board on 1 December 2010 and was re-elected at the October 2011, November 2014 and October 2016 AGM's. He was appointed acting Chief Executive Officer on 28 November 2011, handing over the role to Darren Hotchkin on 10 April 2012. He is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

David is a mechanical engineer with extensive experience as Chief Executive Officer of companies manufacturing and distributing industrial products. His career includes manufacturing experience (including lean manufacturing), brand management, product research and development, outsourcing and company mergers and acquisitions. He was formerly an inaugural trust member of the Greater Metropolitan Cemeteries Trust and is a Director of a privately owned company.

David has not served as a Director of any other listed companies during the preceding three years.

COMPANY SECRETARY

Peter Fearn (CPA, BBus (Acctg))

Peter joined Saferoads in December 2011 as Chief Financial Officer and was appointed Company Secretary on 22 December 2016. He has over 20 years' experience managing finance functions in the information technology, infrastructure and professional services sectors, covering both public listed and private companies.

He was Group Financial Controller of former ASX listed UXC Limited. Prior to Saferoads, he was Chief Financial Officer of a national privately owned urban planning and property advisory business.

Peter is a Certified Practising Accountant (CPA) and holds a Bachelor of Business degree majoring in Accounting.

INTEREST IN SHARES

As at the date of this report, Directors' interests in the shares of the Company are:

Name	Shares
David Ashmore	1,326,807
Darren Hotchkin	7,641,655
David Cleland	508,610

DIVIDENDS

No interim or final dividend was paid or declared for the financial year ended 30 June 2018.

No interim or final dividend was declared or paid for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Group continued to be the provision of road safety products and solutions primarily to end users.

Products and services the Company provides includes flexible guide posts and signage; rubber-based traffic calming products including separation kerbing and wheel stops; variable messaging sign boards; decorative and standard street and major road light poles and permanent and temporary public solar lighting poles; permanent and temporary crash cushions including bollards and safety barriers.

In all its activities, the Company remains focused on providing innovative products and materials that protect the safety of all road users – motorists, road construction workers and pedestrians.

REVIEW AND RESULTS OF OPERATIONS

A review of the operations and activities of the Company during the financial period and the results of these operations is set out in the Chairman's Overview and Chief Executive Officer's Review of Operations and Activities.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the 2017-18 year, there has been no significant change in the Company's state of affairs other than as disclosed in this financial report.

SIGNIFICANT EVENTS AFTER REPORTING DATE

There has been no matter or circumstance which has arisen since 30 June 2018 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the entity and the expected results of these operations have been set out in the Chairman's Overview and the Chief Executive Officer's Review of Operations and Activities.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

During the year, Directors' and Officers' insurance premiums were paid for any person who was a Director and/or Officer of the Company.

The Group has not agreed to indemnify its auditors, Grant Thornton.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory. In respect of its own activities, the Company is not a major emitter of greenhouse gases and falls well below the reporting thresholds set by the National Greenhouse and Energy Reporting Act 2007.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

OPTIONS

At the date of this report, there were no un-issued shares of the company under option.

REMUNERATION REPORT

The Company's remuneration policy is to ensure that the level of remuneration paid to key personnel is market competitive and will help to attract and retain the skills and expertise required. To determine what is a competitive level of remuneration the Company refers to salary information provided by various professional organisations.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS

Total remuneration for non-executive Directors for 2017-18 was \$147,500. Their remuneration packages comprised only fixed Directors' fees plus statutory superannuation (where applicable) and were within the limits set out in the Company's constitution. Currently this limit is set at \$350,000 per annum, and can only be changed at a general meeting.

EXECUTIVE DIRECTOR

Mr Darren Hotchkin, Chief Executive Officer, received total remuneration of \$260,049, including statutory superannuation. In addition, Mr Hotchkin is eligible for a discretionary bonus of \$45,000 based on the Company's financial performance exceeding budget targets for FY2018.

KEY MANAGEMENT PERSONNEL

Key Management Personnel ("KMP") is defined by AASB 124 - *Related Party Disclosures*. Only Directors and Executive Management that have the authority and responsibility for planning, directing and controlling the activities of Saferoads, directly or indirectly and are responsible for the entity's governance are classified as KMP.

PERFORMANCE-BASED REMUNERATION

Performance-based remuneration (bonus incentives) paid or payable to key management personnel, including the CEO, for the year totalled \$55,000 and have been accrued in the financial statements. These were discretionary and were based on the Company's financial performance exceeding budget targets for FY2018.

A summary of Company performance for the past five financial years is below.

	2018	2017	2016	2015	2014
EPS (cents)	1.9	0.3	(0.3)	(0.2)	(3.6)
Net profit/(loss) (\$)	709,692	118,847	(116,082)	(72,228)	(930,978)
Share price (\$)	\$0.20	\$0.11	\$0.13	\$0.10	\$0.13

EMPLOYMENT CONTRACTS

Executive employment agreements have been entered into with the Chief Executive Officer and the Chief Financial Officer as disclosed. These agreements are of a standard form containing provisions of confidentiality and restraint of trade usually required in such agreements. Payments to be made on termination of an executive employment contract have been clearly detailed and are limited to payout of accrued leave entitlements and up to three months' salary as redundancy or termination pay.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2018

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Fringe Benefits	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
D Ashmore	69,092	-	-	-	13,408	-	-	82,500	-
D Cleland	65,000	-	-	-	-	-	-	65,000	-
Executive Director									
D Hotchkin	240,000	-	45,000	-	20,049	-	-	305,049	15%
Executive *									
P Fearn	166,250	-	10,000	-	24,554	4,619	-	205,423	5%
Total	540,342	-	55,000	-	58,011	4,619	-	657,972	

* Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

30 June 2017

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Fringe Benefits	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
D Ashmore	43,516	-	-	-	34,859	-	-	78,375	-
D Cleland	61,750	-	-	-	-	-	-	61,750	-
Executive Director									
D Hotchkin	234,000	-	-	-	19,615	-	-	253,615	-
Executive *									
P Fearn	162,250	-	-	-	28,554	2,904	-	193,708	-
Total	501,516	-	-	-	83,028	2,904	-	587,448	

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shares held in Saferoads Holdings Limited:

	Balance at 1 July 2017	Acquired through On-Market trade	Sold	Balance at 30 June 2018
Directors				
D Hotchkin	7,522,585	119,070	-	7,641,655
D Ashmore	1,301,807	25,000	-	1,326,807
D Cleland	508,610	-	-	508,610
Executive				
P Fearn	33,000	-	-	33,000
Total	9,366,002	144,070	-	9,510,072

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the numbers of meeting attended by each Director, were as follows:

Names	Directors		Audit & Risk		Remuneration/Nomination	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr D Ashmore	13	13	3	3	1	1
Mr D Hotchkin	13	13	-	-	-	-
Mr D Cleland	13	13	3	3	1	1

NON-AUDIT SERVICES

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 21 to the financial statements.

ROUNDING OF AMOUNTS

Saferoads Holdings Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

AUDITORS' INDEPENDENCE DECLARATION

The attached independence declaration has been obtained from the Company's auditors, Grant Thornton.

Signed in accordance with a resolution of Directors

A handwritten signature in black ink, appearing to read 'David Ashmore', written over a thin horizontal line.

David Ashmore

Director

23 August 2018

Auditor's Independence Declaration

To the Directors of Saferoads Holdings Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Saferoads Holdings Limited for the year ended 30 June 2018, 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Michael Climpson
Partner – Audit & Assurance

Melbourne, 23 August 2018

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Saferoads Holdings Limited is responsible for the corporate governance of the Saferoads group. The Board has considered the ASX Corporate Governance Principles and Recommendations (“ASX Governance Principles”) and reports on compliance with these Principles.

The Board’s objective is to ensure investor confidence in the Company and its operations given its size, stage of development and complexity.

The Group’s Corporate Governance Statement for the financial year ending 30 June 2018 is dated as at 30 June 2018 and was approved by the Board on 20 August 2018. The Board advises that it complies with the ASX Corporate Governance Principles set out in the Company’s Corporate Governance Statement, which is located on the Company’s website (www.saferoads.com.au/investors/corporate-policies).



SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2018

Saferoads is an ASX listed company specializing in providing innovative safety solutions. Headquartered in Pakenham, Victoria with representation across Australia, New Zealand and the USA, the company provides state government departments, local councils, road construction companies and equipment hire companies with a broad range of products and services designed to direct, protect, inform and illuminate for the public's safety.

SAFEROADS HOLDINGS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	CONSOLIDATED 2018 \$	2017 \$
Revenue			
Revenue from product sales and services	4	19,192,803	16,909,644
Product royalty income	4	-	26,048
		19,192,803	16,935,692
Cost of direct materials and labour		(12,896,121)	(11,492,588)
Movement in inventories		239,194	183,232
Gross profit		6,535,876	5,626,336
Other income	4	124,315	101,697
Employee benefits		(3,590,726)	(3,277,238)
Motor vehicle costs		(128,789)	(133,654)
Occupancy costs		(337,787)	(362,430)
Travel and accommodation costs		(173,411)	(182,765)
IT & Communications costs		(151,400)	(159,526)
Other expenses		(906,536)	(812,694)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		1,371,542	799,726
Depreciation, amortisation and impairment	4	(515,454)	(458,894)
Earnings before interest and tax (EBIT)		856,088	340,832
Finance costs		(143,496)	(186,757)
Profit/(loss) before income tax		712,592	154,075
Income tax expense	5	(2,900)	(35,228)
Net profit/(loss) for the period		709,692	118,847
Net profit/(loss) attributable to members of the parent		709,692	118,847
Other comprehensive income		-	-
Total comprehensive income for the period		709,692	118,847
Total comprehensive income attributable to members of the parent		709,692	118,847
Earnings per share		Cents	Cents
- Basic for profit/(loss) for the full year	6	1.95	0.33
- Diluted for profit/(loss) for the full year	6	1.95	0.33
Dividend paid per share (cents)	7	-	-

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Financial Position
AS AT 30 JUNE 2018

	Notes	CONSOLIDATED	
		2018	2017
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,074,808	665,915
Trade and other receivables	9	2,537,306	2,917,658
Inventories	10	3,072,365	2,833,171
Prepayments		272,218	83,622
Total Current Assets		6,956,697	6,500,366
Non-current Assets			
Plant and equipment	11	3,619,210	3,505,238
Intangible assets	12	1,438,943	944,499
Deferred tax assets	5	1,254,412	1,257,312
Other non-current assets		17,935	17,917
Total Non-current Assets		6,330,500	5,724,966
TOTAL ASSETS		13,287,197	12,225,332
LIABILITIES			
Current Liabilities			
Trade and other payables	13	2,648,032	2,567,846
Unearned income		118,128	43,151
Interest-bearing loans and borrowings	14	305,718	2,170,434
Provisions	15	516,486	411,708
Total Current Liabilities		3,588,364	5,193,139
Non-current Liabilities			
Interest-bearing loans and borrowings	14	2,148,487	203,923
Provisions	15	86,132	73,748
Total Non-current Liabilities		2,234,619	277,671
TOTAL LIABILITIES		5,822,983	5,470,810
NET ASSETS		7,464,214	6,754,522
EQUITY			
Contributed equity	16	5,353,905	5,353,905
Retained earnings	16	2,110,309	1,400,617
TOTAL EQUITY		7,464,214	6,754,522

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2018

	Contributed Equity \$	Retained Earnings \$	Total Equity \$
CONSOLIDATED			
At 1 July 2016	5,353,905	1,281,770	6,635,675
Net profit/(loss) for the period	-	118,847	118,847
Other comprehensive income for the period	-	-	-
At 30 June 2017	5,353,905	1,400,617	6,754,522
At 1 July 2017	5,353,905	1,400,617	6,754,522
Net profit/(loss) for the period	-	709,692	709,692
Other comprehensive income for the period	-	-	-
At 30 June 2018	5,353,905	2,110,309	7,464,214

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	CONSOLIDATED	
		2018	2017
		\$	\$
Cash flows from operating activities			
Receipts from customers		21,439,479	19,265,263
Payments to suppliers and employees		(19,968,933)	(18,047,629)
Net cash flows from operating activities	8	1,470,546	1,217,634
Cash flows from investing activities			
Proceeds from sale of plant and equipment		9,479	25,546
Purchase of plant and equipment		(88,785)	(321,046)
Product development costs		(758,067)	(447,035)
R&D tax rebate received		281,630	237,405
Net cash flows from investing activities		(555,743)	(505,130)
Cash flows from financing activities			
Repayment of borrowings		(361,217)	(670,253)
Interest received		727	3,219
Interest paid		(145,420)	(187,950)
Net cash flows from financing activities		(505,910)	(854,984)
Net increase/(decrease) in cash and cash equivalents		408,893	(142,480)
Cash and cash equivalents at beginning of period		665,915	808,395
Cash and cash equivalents at end of period	8	1,074,808	665,915

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

1 CORPORATE INFORMATION

Saferoads Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which is prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations of the authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has also been prepared on a historical cost basis.

Saferoads Holdings Limited is a for-profit entity for the purposes of preparing the financial statements.

(b) Statement of compliance

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and revised standards that are effective for these financial statements

A number of new and revised standards were effective for annual reporting periods beginning on or after 1 July 2017. There was no material impact on the Group of these new and revised standards.

Accounting standards issued but not yet effective and not been adopted early by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments replaces *AASB 139 Financial Instruments: Recognition and Measurement* and is effective from 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers replaces *AASB 118 Revenue*, *AASB 111 Construction Contracts* and some revenue-related Interpretations and is effective from 1 January 2018. The new standard:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases replaces *AASB 117 Leases* and some lease-related Interpretations and requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. It provides new guidance on the application of the definition of lease and on sale and lease back accounting, largely retains the existing lessor accounting requirements in AASB 117 and requires new and different disclosures about leases.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 will be:

- a significant increase in lease assets and financial liabilities recognised on the balance sheet
- there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities

The financial statements were authorised for issue by the Directors on 23 August 2018. The Directors have the power to amend and reissue the financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the legal parent entity, Saferoads Holdings Limited and its subsidiaries ('the Group'). The separate financial statements of the parent entity have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Saferoads Holdings Limited has control.

(d) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any impairment in value.

Depreciation is calculated on a diminishing value basis over the estimated useful life, except for rental barrier assets which are depreciated using the prime cost method.

Plant and equipment - 5% to 50%

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(g) Impairment of non-financial assets other than goodwill

The Group assesses whether there is any indication that an asset may be impaired when events or changes in circumstances indicate the carrying value may not be recoverable. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Goodwill and intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated :

- represents the lowest level within the group at which the goodwill is monitored for internal management purposes, and
- is not larger than a segment based on either the group's primary or the group's secondary reporting format determined in accordance with *AASB 8 Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of the cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangibles

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the statement of profit or loss and other comprehensive income through the amortisation line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of each development project is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Any Research and Development tax rebates received or receivable are offset against the respective capitalised development costs to the extent to which they relate to the claim.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Cash and cash equivalents

Cash in the statement of financial position comprises cash at bank and on hand.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Assets classified as held for sale

Assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

(m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

Interest expense is recognised as it accrues.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at fair value, or, if lower, at an amount equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Finance leased assets are amortised over the estimated useful life of the asset.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer, or where the customer has explicitly requested that the goods be held on their behalf.

Rental income

The Group also earns rental income from operating leases of certain plant and equipment. Rental income is recognised on a straight-line basis over the term of the lease.

Product royalties

Revenue is recognised when the Group's right to receive the royalty is established.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

(r) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compare the amount are those that are enacted by the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward or unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and future unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets are measured at the tax rates that are expected to apply to the year when the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made for those benefits.

(u) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(v) Derivative Financial Instruments

The group may use derivative financial instruments such as forward currency contracts to hedge risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value at the date on which the derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income for the year.

(w) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

Key Judgements

(i) Provision for Impairment of Receivables

Collectability of Trade Receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment 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.

3 SEGMENT INFORMATION

The Group's chief operating decision maker (Chief Executive Officer) reviews financial information on a consolidated basis and makes strategic decisions based on this consolidated information.

The Group operates predominantly in Australia.

During 2018, \$4,017,036 or 21% (2017: \$3,589,484 or 21%) of the Group's revenues depended on a single customer.

4 REVENUES AND EXPENSES

Specific Items

Profit/(loss) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	CONSOLIDATED	
	2018	2017
	\$	\$
(i) Revenue		
Revenue from product sales	17,967,139	15,714,106
Revenue from provision of services	1,225,664	1,195,538
Product royalty income	-	26,048
	19,192,803	16,935,692
(ii) Other income		
R&D tax rebate	116,597	58,861
Net gain/(loss) on sale of assets	4,377	(9,030)
Interest	727	3,219
Government grant	-	18,355
Other	2,614	30,292
	124,315	101,697
	19,317,118	17,037,389
(iii) Expenses		
Depreciation and amortisation		
- Plant & equipment	390,717	355,513
- Intangible assets	124,737	103,381
	515,454	458,894
Bad debts written off	-	-
Provision for doubtful debts	-	30,000

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2018 are:

	CONSOLIDATED	
	2018	2017
	\$	\$
Statement of Profit or Loss and Other Comprehensive income		
Current income tax charge	2,900	35,228
Income tax expense/(benefit) reported in statement of profit or loss and other comprehensive income	2,900	35,228
A reconciliation of income tax expense applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:		
Accounting profit/(loss) before income tax	712,592	154,075
At the statutory income tax rate of (2018: 27.5%; 2017: 30%)	195,963	46,223
Non-deductible expenses	2,900	2,979
Effect of change in income tax rates on deferred tax assets	-	107,711
Recognition of prior year unbooked tax losses	(195,963)	(121,685)
	2,900	35,228

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive Income	
	2018	2017	2018	2017
	\$	\$	\$	\$
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
<i>Deferred income tax asset/(liability)</i>				
Employee entitlements	148,714	133,149	(15,565)	(10,858)
Capitalised Research & Development Costs	(333,668)	(245,855)	87,813	35,330
Other	42,882	45,722	2,840	(40,039)
Effect of change in income tax rates on deferred tax assets	-	107,711	107,711	(107,711)
Deferred tax assets relating to other temporary differences not brought to account	142,072	(40,727)	(378,762)	1,593
Carry forward tax losses brought to account	1,254,412	1,257,312	195,963	121,685
Gross deferred income tax (liability)/asset	1,254,412	1,257,312		
Deferred income tax charge			-	-

As at 30 June 2018, the consolidated entity has carry forward tax losses with a tax effect of \$1,963,651, measured at the current corporate tax rate of 27.5%. Carry forward tax losses with a tax effect of \$1,254,412 have been brought to account as a deferred tax asset. Carry forward tax losses with a tax effect of \$709,239 relating to a prior year have not been brought to account.

The consolidated entity has realised capital losses with a gross amount of \$1,832,149 that is available for offset against any future taxable capital gains.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

6 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the total operation's basic and diluted earnings per share computations:

	CONSOLIDATED	
	2018	2017
	\$	\$
Net profit/(loss) attributable to equity holders from continuing operations	709,692	118,847
Net profit/(loss) attributable to equity holders of the parent	709,692	118,847
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share	709,692	118,847
Weighted average number of ordinary shares for basic earnings	36,400,000	36,400,000
Adjusted weighted average number of ordinary shares for diluted earnings per share	36,400,000	36,400,000
	Cents	Cents
- Basic for profit/(loss) for the full year	1.95	0.33
- Diluted for profit/(loss) for the full year	1.95	0.33

For the purpose of calculating earnings and dividends per share, it is the ordinary shares of the legal parent that is used, being the proportionate weighting of the 36,400,000 shares on issue.

7 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	2018	2017
	\$	\$
Equity dividends on ordinary shares:		
Interim franked dividend for 2018: 0.0 cents (2017: 0.0 cents)	-	-
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2018: 0.0 cents (2017: 0.0 cents)	-	-
Franking Credit Balance:		
The amount of franking credits available for future reporting periods after the payment of income tax payable and the impact of dividends proposed.	4,629,030	5,391,050

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

8 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2018	2017
	\$	\$
Reconciliation of cash		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	1,074,808	665,915
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	709,692	118,847
Adjustments for:		
Depreciation and amortisation	515,454	458,894
Net (profit)/loss on disposal of plant and equipment	(4,377)	9,030
Interest received	(727)	(3,219)
Interest paid	143,496	187,950
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	374,264	544,377
(Increase)/decrease in inventories	(239,194)	(183,232)
(Increase)/decrease in other assets	(186,690)	92,675
Decrease/(increase) in deferred tax asset	2,900	35,228
(Decrease)/increase in trade and other payables	(36,411)	(139,340)
(Decrease)/increase in unearned income	74,977	37,548
(Decrease)/increase in provisions	117,162	58,876
Net cash from operating activities	1,470,546	1,217,634

Non-cash financing and investing activities

During the year, the Group acquired property, plant and equipment with an aggregate value of \$441,065 (2017: \$120,211) by means of finance leases.

9 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	2,351,980	2,711,191
Other receivables	215,326	236,467
Provision for impairment	(30,000)	(30,000)
	2,537,306	2,917,658
Ageing of trade receivables not impaired		
1 - 30 days	1,657,254	1,964,361
31 - 60 days	664,726	716,830
61 - 90 days	-	-
91 days and over	-	-
	2,321,980	2,681,191

Trade receivables are non-interest bearing. Amounts over 60 days are deemed overdue.

Movement in provision for impairment

Balance at the beginning of financial year	30,000	-
Amounts written off	-	-
Additional impairment provision recognised/(released)	-	30,000
	30,000	30,000

10 INVENTORIES

	CONSOLIDATED	
	2018	2017
	\$	\$
Stock on hand	3,072,365	2,833,171

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

11 PLANT AND EQUIPMENT

	CONSOLIDATED	
	2018	2017
	\$	\$
Plant & equipment at cost	6,583,682	6,143,851
Less accumulated depreciation	(2,964,472)	(2,638,613)
Total plant & equipment	3,619,210	3,505,238

Movements in Carrying Amounts

Movement in the carrying amounts of plant and equipment between the beginning and the end of the financial year.

	CONSOLIDATED	
	2018	2017
	\$	\$
Plant & equipment		
Balance at beginning of year	3,505,238	3,474,070
Additions	531,561	441,257
Depreciation expense	(390,717)	(355,513)
Assets transferred to product development costs	(11,559)	-
Disposals	(15,313)	(54,576)
Carrying amount at 30 June	3,619,210	3,505,238

12 INTANGIBLE ASSETS

	CONSOLIDATED	
	2018	2017
	\$	\$
Product development costs	1,518,400	1,210,594
Less accumulated amortisation	(305,062)	(391,077)
	1,213,338	819,517
Website development costs	32,914	-
Less accumulated amortisation	(2,932)	-
	29,982	-
Patents and product approvals	195,623	124,982
	1,438,943	944,499

	Website dev't costs	Patents/ Product approvals	Product dev't costs	Total
	\$	\$	\$	\$
Movement in carrying amounts				
Balance at 1 July 2016	-	70,051	701,751	771,802
Capitalisation of costs	-	54,931	392,104	447,035
R&D tax rebate allocation	-	-	(170,957)	(170,957)
Amortisation expense	-	-	(103,381)	(103,381)
Carrying amount at 30 June 2017	-	124,982	819,517	944,499
Balance at 1 July 2017	-	124,982	819,517	944,499
Capitalisation of costs	32,914	70,641	654,512	758,067
Assets transferred from plant & equipment	-	-	11,559	11,559
R&D tax rebate allocation	-	-	(150,445)	(150,445)
Amortisation expense	(2,932)	-	(121,805)	(124,737)
Carrying amount at 30 June 2018	29,982	195,623	1,213,338	1,438,943

Patents/product approvals predominantly relate to various applications for new products that have yet to be commercialised and so have not been amortised as they have indefinite future benefit to the Group. Once the related asset is in use, then the relevant patent/product approval will be amortised over its expected useful life.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2018	2017
	\$	\$
Trade payables	2,155,386	2,314,768
Accrued expenses	413,969	182,585
GST payable	78,677	70,493
	2,648,032	2,567,846

Payables are non-interest bearing and are normally settled between 30 and 60-day terms.

14 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2018	2017
	\$	\$
Current		
Hire purchase	229,318	178,434
Bank loans	76,400	1,992,000
	305,718	2,170,434
Non-current		
Hire purchase	367,063	203,923
Bank loans	1,781,424	-
	2,148,487	203,923

During the financial year the Company entered into a revised facility agreement with its financier, Commonwealth Bank of Australia, providing an extended term of three years (expiring September 2020) and significantly more favourable terms and conditions on the back of the improved operational performance and financial position of the Company.

The Group was in compliance with its reporting covenants at 30 June 2018 and its scheduled debt repayment plan.

Hire purchase liabilities are secured by a charge over the financial assets.

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:		CONSOLIDATED	
		2018	2017
		\$	\$
Total facilities:			
- term loan		1,857,824	-
- bank bills		-	1,992,000
- overdraft		250,000	-
- bank charge card		75,000	75,000
Facilities used at reporting date			
- term loan		1,857,824	-
- bank bills		-	1,992,000
- overdraft		-	-
- bank charge card		67,000	65,500
Facilities unused at reporting date			
- overdraft		250,000	-
- bank charge card		8,000	9,500

The bank facilities are secured by a registered charge over the whole of its assets and undertakings, and also a registered charge over the assets and undertakings of Saferoads Holdings Ltd.

Saferoads Pty Ltd is required to provide the Commonwealth Bank with quarterly financial information.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

15 PROVISIONS

	CONSOLIDATED	
	2018	2017
	\$	\$
Current		
Employee benefits	516,486	411,708
	516,486	411,708
Non-Current		
Employee benefits	24,292	32,123
Deferred rent liability	61,840	41,625
	86,132	73,748

16 EQUITY

	CONSOLIDATED	
	2018	2017
	\$	\$
Contributed Equity		
Ordinary shares		
Balance at beginning of period	5,353,905	5,353,905
Issued and fully paid	5,353,905	5,353,905
Movements in ordinary shares on issue (legal parent)	No. of shares	
Balance at beginning of the period	36,400,000	36,400,000
At 30 June	36,400,000	36,400,000

Ordinary shares carry one vote per share, either in person or by proxy, at a meeting of the Company, and carry the rights to dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

There is no current on-market buy-back of ordinary shares.

Retained Earnings

	CONSOLIDATED	
	2018	2017
	\$	\$
Movements in retained earnings are as follows:		
Balance at beginning of period	1,400,617	1,281,770
Net profit/(loss) for the year	709,692	118,847
Balance at 30 June	2,110,309	1,400,617

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise commercial bills, hire purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations.

The totals for each category of financial instruments are as follows:

	CONSOLIDATED	
	2018	2017
	\$	\$
Financial Assets		
- Cash and cash equivalents	1,074,808	665,915
- Loans and receivables	2,537,306	2,917,658
Total Financial Assets	3,612,114	3,583,573
Financial Liabilities		
- Financial liabilities at amortised cost	5,102,237	4,942,203
Total Financial Liabilities	5,102,237	4,942,203

The Group has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group also monitors the market price risk arising from all financial instruments.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The company's exposure to interest rate risk, which is the risk that the Financial Instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Interest Rate	Non Interest Bearing	Variable Interest Rate	Fixed Interest Rate Maturing		Total
				Within 1 year	1 to 5 years	
2018	%	\$	\$	\$	\$	\$
Financial Assets						
- Cash	0.70%	-	1,074,808	-	-	1,074,808
- Receivables	N/A	2,537,306	-	-	-	2,537,306
Total Financial Assets		2,537,306	1,074,808	-	-	3,612,114
Financial Liabilities						
- Payables	N/A	2,648,032	-	-	-	2,648,032
- Bank borrowings	5.05%	-	1,857,824	-	-	1,857,824
- Hire purchase	6.74%	-	-	229,318	367,063	596,381
Total Financial Liabilities		2,648,032	1,857,824	229,318	367,063	5,102,237
2017	%	\$	\$	\$	\$	\$
- Cash	1.35%	-	665,915	-	-	665,915
- Receivables	N/A	2,917,658	-	-	-	2,917,658
Total Financial Assets		2,917,658	665,915	-	-	3,583,573
Financial Liabilities						
- Payables	N/A	2,567,846	-	-	-	2,567,846
- Bank borrowings	6.15%	-	1,992,000	-	-	1,992,000
- Hire purchase	7.25%	-	-	178,434	203,923	382,357
Total Financial Liabilities		2,567,846	1,992,000	178,434	203,923	4,942,203

(b) Credit risk

The Group trades only with recognised, credit worthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and pre-agreed credit limits.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is managed closely.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date recognised as financial assets is the carrying amount, net of any provisions for doubtful debts which is \$30,000 at 30 June 2018 (2017: \$30,000), as disclosed in the statement of financial position and notes to the financial statements. The company holds no collateral or security in relation to financial assets.

As at reporting date, the amount of financial assets past due, but not impaired, is \$23,125 (2017: \$27,609).

The Group does not have any material unmanaged credit risk to any single debtor or group of debtors under financial instruments entered into by the company.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of current working capital, bank loans, and hire purchase contracts.

Maturity analysis of financial liabilities:

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
2018				
- Payables	2,648,032	-	-	2,648,032
- Bank borrowings	76,400	1,781,424	-	1,857,824
- Hire purchase	229,318	367,063	-	596,381
Total Financial Liabilities	2,953,750	2,148,487	-	5,102,237
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
2017				
- Payables	2,567,846	-	-	2,567,846
- Bank borrowings	1,992,000	-	-	1,992,000
- Hire purchase	178,434	203,923	-	382,357
Total Financial Liabilities	4,738,280	203,923	-	4,942,203

(d) Fair Values

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

(e) Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

At reporting date, the Group did not hold any significant financial instruments denominated in foreign currencies other than the Group's functional currency (AUD).

(f) Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates on borrowings and exchange rates on purchases. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables. The following sensitivities are based on market experience over the last 12 months.

	CONSOLIDATED	
	Profit/(loss)	Equity
Year Ended 30 June 2018	\$	\$
+/-2% in interest rates	+/-40,000	+/-40,000
+/-5c in AUD / USD	+/-250,000	+/-250,000
Year Ended 30 June 2017	\$	\$
+/-2% in interest rates	+/-40,000	+/-40,000
+/-5c in AUD / USD	+/-160,000	+/-160,000

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

18 COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED	
	2018	2017
	\$	\$
Operating Leases - properties		
Non-cancellable operating leases:		
- less than one year	239,468	242,447
- later than one year but less than five years	964,600	936,505
- later than five years	639,531	891,476
	1,843,599	2,070,428
Operating Leases - equipment		
Non-cancellable operating leases:		
- less than one year	15,464	4,596
- later than one year but less than five years	29,779	12,639
	45,243	17,235
Total operating lease commitments	1,888,842	2,087,663
Hire Purchases		
Hire purchase commitments payable:		
- less than one year	265,942	201,148
- later than one year but less than five years	415,340	216,892
	681,282	418,040
Less future finance charges	(84,901)	(35,683)
Total hire purchase liability	596,381	382,357
Reconciled to:		
Current liability	229,318	178,434
Non-current liability	367,063	203,923
	596,381	382,357

The Group leases its head office and warehouse facility and other interstate office sites under non-cancellable operating leases with terms ranging from 1 to 10 years.

The Group leases various warehouse and office equipment under non-cancellable operating leases with terms ranging from 4 to 5 years.

There are no material make good obligations with operating leases.

Hire purchase commitments relate to warehouse fitout, production and rental equipment, IT software and company motor vehicles.

There are no other commitments or contingent liabilities of the Group.

19 SUBSIDIARIES

The consolidated financial statements include the financial statements of Saferoads Holdings Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	% equity interest	
		2018	2017
Saferoads Pty Ltd	Australia	100%	100%

20 RELATED PARTIES

Transactions with Key Management Personnel

During the financial year the Company acquired certain consumable manufacturing materials from an entity related to Mr D. Hotchkin at normal commercial rates aggregating \$36,801 (2017: \$76,939), with \$8,959 included in Trade payables at 30 June 2018 (2017: \$15,887).

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2018

21 AUDITORS' REMUNERATION

	2018 \$	2017 \$
Amounts received or due and receivable by:		
- Current auditors: Grant Thornton, for the audit of the financial report	70,500	70,000
Other services (R&D tax rebate): Grant Thornton	24,500	15,000
Other services: Grant Thornton	2,500	1,800

22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Management Personnel

(i) Directors

David Ashmore	Non-Executive Chairman
Darren Hotchkin	Chief Executive Officer
David Cleland	Non-Executive

(ii) Executives

Peter Fearn	Chief Financial Officer / Company Secretary
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(b) Compensation of Key Management Personnel

Details of the nature and amount of each element of the remuneration of Key Management Personnel ("KMP") are disclosed in the Remuneration Report section of the Directors' Report.

	2018 \$	2017 \$
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	595,342	501,516
- Post-employment benefits	58,011	83,028
- Long-term employee benefits	4,619	2,904
	657,972	587,448

23 PARENT ENTITY DISCLOSURES

	2018 \$	2017 \$
Current assets	-	-
Total assets	5,359,929	5,359,929
Current liabilities	-	-
Total liabilities	-	-
Net assets	5,359,929	5,359,929
Issued capital	5,353,905	5,353,905
Retained earnings	6,024	6,024
Profit/(loss) of the parent entity	-	-
Total comprehensive income of the parent entity	-	-
Guarantees entered into by the parent entity in relation to debts of its subsidiaries	-	-

24 SUBSEQUENT EVENTS

There has been no matter or circumstance which has arisen since 30 June 2018 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

DIRECTORS' DECLARATION

In the opinion of the Directors of Saferoads Holdings Limited and its controlled entities:

- (a) the financial statements and notes of the consolidated entity and the remuneration disclosures that are contained in the Remuneration Report that forms part of the Directors' Report are in accordance with the *Corporations Act 2001* (Cth), including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended that date; and
 - ii) complying with Accounting Standards and *Corporations Regulations 2001*.
- (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;
- (c) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as reported in Note 2.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* (Cth).

Signed in accordance with a resolution of the Directors.

On behalf of the Board.



David Ashmore

Director

23 August 2018

Independent Auditor's Report

To the Members of Saferoads Holdings Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Saferoads Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Intangible Assets - Note 12 As disclosed in Note 12 to the consolidated financial statements, as at 30 June 2018 the carrying value of capitalised development costs and patents was \$1,438,943. During the year management capitalised \$758,067 of patent and development related expenditure. No impairment loss in relation to intangible assets was recognised. In accordance with AASB 138 <i>Intangible Assets</i> only directly attributable costs incurred during the development phase may be capitalised and recognised as an asset. AASB 136 <i>Impairment of Assets</i> requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. Determining whether research and development costs should be expensed or capitalised together with the process undertaken by management to forecast future performance and the viability of products and the assessment of impairment triggers involves an element of management judgement. This area is a key audit matter due to the inherent subjectivity that is involved in the entity making judgements in relation to the capitalisation of their development costs under the requirements of AASB 138 <i>Intangible Assets</i>, as well as the evaluation for any impairment indicators.	Our procedures included, amongst others: • Obtaining an understanding of management's policies relating to the capitalisation of development costs; • Evaluating the appropriateness of expenses capitalised, on a sample basis, by agreeing to underlying supporting documentation; • Assessing the valuation methodology applied in managements value in use calculations, challenging the reasonableness of key assumptions based on our knowledge of the business and industry; • Reviewing sales results and identifying any discontinued products through discussions with management; • Performing sensitivity analysis on the impairment model using varied discount rates and growth projections; and • Assessing the adequacy of the financial statement disclosures

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Saferoads Holdings Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Michael Climpson
Partner – Audit & Assurance

Melbourne, 23 August 2018