Released 31 August 2023

SAFEROADS HOLDINGS LIMITED

PRELIMINARY RESULTS ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2023

Saferoads delivers improved result, continued R&D investment and rental business expansion.

FINANCIAL SUMMARY - (2023 UNAUDITED)

12 months ending	June 2023 $'000	June 2022 $'000
Operating Revenue	**14,648**	12,349
Underlying EBITDA*	**2,145**	1,896
Depreciation and amortisation	**(1,713)**	(1,565)
EBIT	**432**	345
Finance costs	**(305)**	(281)
Profit after tax	**127**	64
Operating cash flows	**2,378**	944
Gearing** (net debt / net debt + equity)	**25.8%**	**29.6%**

* *Underlying EBITDA excludes COVID-19 government support*

** *Excluding right-of-use asset lease liabilities*

FY2023 MILESTONES

- A modest Profit after tax of $127k representing a 98.5% improvement from the prior year.
- Underlying EBITDA up 13.1% year on year, on the back of revenue growing by 18.6%.
- Continued expansion of our equipment rental services offering (Road Safety Rental), with a further $1.17 million invested in new rental assets and the opening of a depot in Queensland.

SAFEROADS HOLDINGS LIMITED

PRELIMINARY RESULTS ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2023

FY2023 MILESTONES (Continued)

- Designed, constructed and commissioned our barrier crash test facility, Australia's only dedicated facility.
- Continued to receive State regulatory approvals in the USA and delivered our first HV2™ temporary barrier system.
- Received regulatory approvals in Australia for the new Rubber T-Lok crash barrier manufactured by us using concrete and recycled tyre rubber.

OUTLOOK FOR FY2024

- Our anticipation of steady demand for our goods and services with the Federal Government having recently recommitted to their 10-year $120 billion infrastructure pipeline.
- Continued growth of our equipment rental services business, especially in New South Wales and Queensland, supported by further acquisitions of equipment.
- The fulfilment of our initial orders for the new Rubber T-Lok temporary barrier on the Melbourne North East Link and other large projects.
- Further orders from our USA distributor who, in conjunction with us, are increasing their marketing efforts of the HV2™ temporary barrier system.

We continue to receive legal advice in relation to our way forward to address the WorkSafe charges laid against the company following the fatal incident in 2021. We anticipate that we will be in a position to decide our preferred course of action prior to the finalisation of our 2023 audited financial report.

Enquiries/Additional Information:

David Ashmore, Chairman
Ph: 03 5945 6600

ABOUT SAFEROADS

Saferoads is an ASX listed company specialising in providing innovative road 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 and equipment hire companies with a broad range of products and services, for purchase or hire, that are designed to direct, protect, inform and illuminate roadways and public areas to enhance public's safety.

APPENDIX 4E
and
PRELIMINARY FINANCIAL REPORT

YEAR ENDED 30 JUNE 2023

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

RELEASED 31 August 2023

Appendix 4E
Preliminary Final Report for the year ended 30 June 2023

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 2023	30 June 2022

2. Results for announcement to the market

Key information	**Current period** $	Previous corresponding period $	% Change increase / (decrease)	Amount ($) increase / (decrease) $
Revenue from ordinary activities	**14,648,496**	12,349,416	19%	2,299,080
Profit/(loss) from ordinary activities after tax attributable to members	**127,593**	64,289	98%	63,304
Net profit/(loss) for the period attributable to members	**127,593**	64,289	98%	63,304

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 Paid	N/A N/A	N/A	N/A

Supplementary comments

For the financial year 2023, the consolidated entity recorded a profit from ordinary activities after income tax of $127,593 (2022: $64,289) and net cash from operating activities of $2,377,608 (2022: $944,427). The consolidated entity's results for the year reflect improved trading conditions post lockdowns and ongoing investments in product R&D and expansion of the Road Safety Rental business.

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (including right-of-use assets)	**16.5 cents**	15.9 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

The Company's Dividend Reinvestment Plan ("DRP") was registered on 9 June 2020 and remains active for eligible shareholders who may participate in the DRP in respect to all or part of their shareholding. For more details refer to the Company's website: https://www.saferoads.com.au/investors.

6. Details of associates and joint venture entities

Not Applicable

7. Foreign entities

Not Applicable

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):
This report, and the accompanying summary consolidated financial statements, are based upon accounts which are in the process of being audited.

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

PRELIMINARY FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2023

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 for purchase or hire that are 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 2023

	Notes	CONSOLIDATED 2023 $	2022 $
Revenue			
Revenue from product sales and services	4	**14,648,496**	12,349,416
Other income	4	**232,598**	116,767
Total revenue and other income		**14,881,094**	12,466,183
Raw material, finished goods and logistics		**(7,128,972)**	(5,466,503)
Employee benefits		**(3,805,518)**	(3,506,874)
Motor vehicle costs		**(170,987)**	(144,448)
Occupancy costs		**(66,240)**	(57,949)
Travel and accommodation costs		**(105,680)**	(79,753)
IT & Communications costs		**(132,258)**	(136,237)
Warehouse costs		**(272,214)**	(278,402)
Marketing costs		**(198,318)**	(193,748)
Other expenses		**(855,626)**	(691,509)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**2,145,281**	1,910,760
Depreciation and amortisation	4	**(1,712,609)**	(1,565,395)
Earnings before interest and tax (EBIT)		**432,672**	345,365
Finance costs	4	**(305,079)**	(281,076)
Profit/(loss) before income tax		**127,593**	64,289
Income tax benefit/(expense)	5	**-**	-
Net profit/(loss) for the period		**127,593**	64,289
Net profit/(loss) attributable to members of the parent		**127,593**	64,289
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the period		**127,593**	64,289
Total comprehensive income/(loss) attributable to members of the parent		**127,593**	64,289
Earnings per share		**Cents**	Cents
- Basic for profit/(loss) for the full year	6	**0.34**	0.17
- Diluted for profit/(loss) for the full year	6	**0.34**	0.17
Dividend paid per share (cents)	7	**-**	-

The accompanying notes form part of these preliminary financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Financial Position
AS AT 30 JUNE 2023

	Notes	CONSOLIDATED	
		2023	**2022**
		$	**$**
ASSETS			
Current Assets			
Cash and cash equivalents	8	**220,111**	4,219
Trade and other receivables	9	**1,498,671**	1,801,267
Inventories	10	**2,119,887**	2,542,621
Prepayments		**283,867**	170,789
Total Current Assets		**4,122,536**	4,518,896
Non-current Assets			
Property, plant and equipment	11	**8,456,959**	8,300,595
Intangible assets	12	**1,131,861**	1,215,695
Deferred tax assets	5	**1,152,593**	1,152,593
Other non-current assets		**159,501**	182,136
Total Non-current Assets		**10,900,914**	10,851,019
TOTAL ASSETS		**15,023,450**	15,369,915
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**1,080,405**	1,390,327
Contract liabilities		**268,344**	141,791
Interest-bearing loans and borrowings	14	**1,116,377**	1,027,339
Lease liabilities	15	**614,796**	517,946
Provisions	16	**446,051**	395,752
Total Current Liabilities		**3,525,973**	3,473,155
Non-current Liabilities			
Interest-bearing loans and borrowings	14	**2,049,486**	2,481,748
Lease liabilities	15	**960,529**	1,063,637
Provisions	16	**21,771**	13,277
Total Non-current Liabilities		**3,031,786**	3,558,662
TOTAL LIABILITIES		**6,557,759**	7,031,817
NET ASSETS		**8,465,691**	8,338,098
EQUITY			
Contributed equity	17	**5,593,998**	5,593,998
Retained earnings	17	**2,871,693**	2,744,100
TOTAL EQUITY		**8,465,691**	8,338,098

The accompanying notes form part of these preliminary financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2023

	Contributed Equity $	Retained Earnings $	Total Equity $
CONSOLIDATED			
At 1 July 2021	5,593,998	2,679,811	8,273,809
Net profit/(loss) for the period	-	64,289	64,289
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	64,289	64,289
At 30 June 2022	5,593,998	2,744,100	8,338,098
At 1 July 2022	**5,593,998**	**2,744,100**	**8,338,098**
Net profit/(loss) for the period	**-**	**127,593**	**127,593**
Other comprehensive income for the period	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**127,593**	**127,593**
At 30 June 2023	**5,593,998**	**2,871,693**	**8,465,691**

The accompanying notes form part of these preliminary financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	CONSOLIDATED 2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		**16,396,421**	13,295,209
Payments to suppliers and employees		**(14,018,813)**	(12,350,782)
Net cash flows from operating activities	8	**2,377,608**	944,427
Cash flows from investing activities			
Proceeds from sale of non-trade inventory, plant and equipment		**109,554**	6,241
Purchase of plant and equipment		**(788,204)**	(636,925)
Product development costs	12	**(294,776)**	(130,577)
R&D tax incentive received		**-**	178,932
Net cash flows from investing activities		**(973,426)**	(582,329)
Cash flows from financing activities			
Proceeds from borrowings		**761,464**	206,830
Repayment of loans and borrowings		**(1,104,688)**	(520,237)
Repayment of lease liabilities		**(542,645)**	(509,200)
Interest received	4	**4**	17
Interest paid		**(302,431)**	(281,076)
Net cash flows from financing activities		**(1,188,296)**	(1,103,666)
Net increase/(decrease) in cash and cash equivalents		**215,886**	(741,568)
Cash and cash equivalents at beginning of period		**4,219**	745,787
Effects of exchange rate changes on cash		**6**	-
Cash and cash equivalents at end of period	8	**220,111**	4,219

The accompanying notes form part of these preliminary financial statements

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 preliminary financial report 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 preliminary 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 preliminary financial report has been prepared in accordance with the requirements of 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
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and interpretations did not have any significant impact on the financial performance or position of the Group.

The financial statements were authorised for issue by the Directors on 31 August 2023. 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 preliminary 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.

(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 or prime cost method, over the estimated useful life, as denoted below:

Property/leasehold improvements (prime cost - 10% to 50%)
Plant and equipment (diminishing value and prime cost - 5% to 50%)
Motor vehicles (diminishing value 18% to 25%)
Rental equipment (prime cost 5% to 33%)

(f) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are 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) Intangible assets

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 (between 1 to 10 years) 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.

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. Research and Development tax rebates are recognised when they are considered to be probable and reliably estimated.

(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 are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(k) Cash and cash equivalents

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

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

(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

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group

• the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

• the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(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

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all transactions, the total price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group's future obligation to transfer goods or services to a customer for which the Group has received consideration from the customer is recognised as a contract liability, and reports these amounts as such in its statement of financial position, until such time as the performance obligations are satisfied. If the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sales of goods
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognise revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue from the sale of goods is recognised at the point in time when the performance obligation is satisfied and the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
The Group rents its equipment to customers and recognises revenue over time based on fixed daily rental rates. Revenue for these transactions is therefore recognised over time based on monthly billing in arrears for rental services provided. In this respect, the Group has a right to the consideration and the amount billed corresponds directly with the value to the customer for the Group's performance completed to date. If a product is returned before month end, revenue is recognised when returned for the period it has been rented. Customers are charged a fee for the deployment to site and the demobilisation of the rental unit. Lease components are recognised separately from performance revenue.

(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 preliminary 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.

Key Judgements

(i) Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The provision for impairment of receivables is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

(ii) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(iii) Intangible assets - capitalised development costs

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Determining whether the recognition requirements for the capitalisation of these development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

(iv) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

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

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including whether the net assets of the Group exceed its market capitalisation at reporting date. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. The Group specifically considers the potential impairment of non-financial assets, largely represented by:

- Property, plant and equipment
- Capitalised development costs
- Right of use assets

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(vi) Going concern

The financial statements have been prepared on the basis that the Group is a going concern, which assumes that in the medium term the Group will continue normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors believe that significant investments in public infrastructure by the various levels of government will continue and the Group is well-placed to provide its products and services in support of these investments going forward.

(x) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to cash subsidies are recognised in the profit or loss as other income. Where the cost has previously been capitalised, the income is offset against the relevant asset.

3 SEGMENT INFORMATION

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

The Group operates predominantly in Australia.

During 2023, $1,559,930 or 10.6% of the Group's revenues were generated from a single customer (2022: $1,321,479 or 10.7% from 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	
	2023	2022
	$	$
(i) Revenue		
Revenue from product sales - point in time	**9,667,448**	7,495,668
Revenue from provision of services - over time	**4,981,048**	4,853,748
	14,648,496	12,349,416
(ii) Other income		
Net gain/(loss) on sale of assets	**(2,614)**	2,598
Net profit/(loss) on termination of lease	**14,756**	-
Interest	**4**	17
R&D tax rebate	**205,911**	88,400
Government grant	**-**	15,000
Net foreign exchange gains/(losses)	**8,194**	2,498
Other	**6,347**	8,254
	232,598	116,767
	14,881,094	12,466,183
(iii) Expenses		
Depreciation and amortisation		
- Property, plant & equipment	**1,056,211**	922,016
- Right-of-use assets	**458,939**	422,491
- Intangible assets	**197,459**	220,888
	1,712,609	1,565,395
Impairment of plant and equipment	**-**	-
Finance costs		
- Bank borrowings	**110,915**	77,164
- Leasing arrangements	**194,164**	203,912
	305,079	281,076
Bad debts written off	**-**	-
Provision for expected credit losses	**8,873**	-

5 INCOME TAX

		CONSOLIDATED	
		2023	**2022**
(a)	***Income tax (expense)/ benefit***	**$**	**$**
	Numerical reconciliation of income tax benefit and tax at the statutory rate		
	Profit before income tax expense	**127,592**	64,289
	Tax at the statutory tax rate of 25.00% (Previous year 25.00%)	**31,898**	16,072
	Tax effect amounts which are not (deductible) / taxable in calculating taxable income:		
	Temporary differences	**(11,216)**	-
	Non-deductible expenses	**25**	34
	Effect of R&D Rebate @ 43.5% of eligible expenses	**56,839**	-
	R&D tax incentive income - non assessable	**(51,478)**	-
	Recognition of prior year unbooked tax losses	**(26,068)**	(16,106)
		-	-
(b)	**Deferred income tax at 30 June relates to the following:**		
	Deferred tax assets attributable to unused tax losses carried forward	**1,545,694**	1,652,345
	Net deferred tax assets/(liabilities) attributable to temporary differences	**(245,256)**	-
	Tax losses not brought to account	**(147,845)**	(499,752)
		1,152,593	**1,152,593**
(c)	**Deferred tax assets not brought to account at reporting date**		
	Operating losses	**147,845**	499,752
	Capital losses	**458,037**	458,037

As at 30 June 2023, the Group has carry forward tax losses with a tax effect of $1,545,694, measured at the corporate tax rate of 25%. Carry forward tax losses with a tax effect of $1,152,593 (2022: $1,152,593) have been brought to account as a net deferred tax asset. Carry forward tax losses with a tax effect of $147,845 relating to a prior year have not been brought to account.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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	
	2023	**2022**
	$	**$**
Net profit/(loss) attributable to equity holders from continuing operations	**127,593**	64,289
Net profit/(loss) attributable to equity holders of the parent	**127,593**	64,289
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share	**127,593**	64,289
Weighted average number of ordinary shares for basic earnings per share	**37,461,783**	37,461,783
Adjusted weighted average number of ordinary shares for diluted earnings per share	**37,461,783**	37,461,783
	Cents	Cents
- Basic for profit/(loss) for the full year	**0.34**	0.17
- Diluted for profit/(loss) for the full year	**0.34**	0.17

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 37,461,783 (2022: 37,461,783) shares on issue.

7 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	2023	**2022**
	$	**$**
Equity dividends on ordinary shares:		
Interim franked dividend paid for 2023: 0.0 cents (2022: 0.0 cents)	**-**	-
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2023: 0.0 cents (2022: 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.	**3,316,423**	3,476,246

8 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED 2023 $	2022 $
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	**220,111**	4,219
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	**127,593**	64,289
Adjustments for:		
Depreciation and amortisation	**1,712,609**	1,565,395
Net (profit)/loss on disposal of plant and equipment	**2,614**	(2,598)
Net (profit)/loss on termination of lease	**(14,756)**	-
Movement in slow moving stock provision	**23,748**	-
Movement in expected credit loss provision	**8,873**	-
Effects of exchange rate changes on cash	**(6)**	-
Interest received	**(4)**	(17)
Interest paid	**302,431**	281,076
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**474,874**	(285,492)
(Increase)/decrease in inventories	**(45,349)**	(225,588)
(Increase)/decrease in other assets	**(90,443)**	61,007
(Decrease)/increase in trade and other payables	**(309,922)**	(692,670)
(Decrease)/increase in contract liabilities	**126,553**	127,812
(Decrease)/increase in provisions	**58,793**	51,213
Net cash from operating activities	**2,377,608**	944,427

9 TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED 2023 $	2022 $
Trade receivables	**1,084,303**	1,817,297
Other receivables	**439,271**	-
Less: Allowance for expected credit losses	**(24,903)**	(16,030)
	1,498,671	1,801,267
Ageing of trade receivables (net of allowance for expected credit losses)		
1 - 30 days	**576,177**	1,031,001
31 - 60 days	**453,693**	734,076
61 - 90 days	**19,165**	22,267
91 days and over	**10,366**	13,923
	1,059,400	1,801,267

Trade receivables are non-interest bearing.

	2023 $	2022 $
Movement in allowance for expected credit losses		
Balance at the beginning of financial year	**16,030**	16,030
Amounts written off	**-**	-
Additional allowance for expected credit losses recognised/(released)	**8,873**	**-**
	24,903	16,030

10 INVENTORIES

	CONSOLIDATED 2023 $	2022 $
Stock on hand	**2,174,386**	2,573,372
Less: Allowance for slow moving or obsolete stock	**(54,499)**	(30,751)
	2,119,887	2,542,621

During the year, the Group recognised a $23,748 expense relating to the write-down of inventories (2022: NIL).

11 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2023 $	2022 $
Property, plant & equipment at cost	**14,905,113**	13,567,305
Less accumulated depreciation	**(6,448,154)**	(5,266,710)
Total plant & equipment	**8,456,959**	8,300,595

Movements in Carrying Amounts	**Property/ Leasehold improvements $**	**Plant & equipment $**	**Motor vehicles $**	**Rental equipment $**	**Total $**
Balance at 1 July 2021	1,436,719	598,939	284,247	5,794,126	8,114,031
Additions	61,945	149,500	50,025	951,120	1,212,590
Depreciation expense	(396,504)	(140,426)	(79,244)	(728,333)	(1,344,507)
Disposals	-	(9,021)	-	(15,587)	(24,608)
Assets transferred from inventories	-	-	-	343,089	343,089
Impairment	-	-	-	-	-
Carrying amount at 30 June 2022	1,102,160	598,992	255,028	6,344,415	8,300,595
Balance at 1 July 2022	**1,102,160**	**598,992**	**255,028**	**6,344,415**	**8,300,595**
Additions	**419,748**	**277,930**	**57,909**	**728,772**	**1,484,359**
Depreciation expense	**(446,352)**	**(171,939)**	**(59,179)**	**(837,680)**	**(1,515,150)**
Disposals	**(145,012)**	**(238)**	**-**	**(111,930)**	**(257,180)**
Assets transferred from inventories	**-**	**-**	**-**	**444,335**	**444,335**
Impairment	**-**	**-**	**-**	**-**	**-**
Carrying amount at 30 June 2023	**930,544**	**704,745**	**253,758**	**6,567,912**	**8,456,959**

Included in the net carrying amount of Property, plant and equipment are right-of-use assets as follows:

2022	**Net carrying amount b/f $**	**Additions $**	**Disposals $**	**Depreciation $**	**Net carrying amount $**
Property	1,337,421	26,383	-	(370,340)	993,464
Equipment under finance lease	496,033	-	-	(52,151)	443,882
Total right-of-use assets	1,833,454	26,383	-	(422,491)	1,437,346

2023	**Net carrying amount b/f $**	**Additions $**	**Disposals $**	**Depreciation $**	**Net carrying amount $**
Property	**993,464**	**376,860**	**(145,012)**	**(400,269)**	**825,043**
Equipment under finance lease	**443,882**	**319,295**	**-**	**(58,669)**	**704,508**
Total right-of-use assets	**1,437,346**	**696,155**	**(145,012)**	**(458,938)**	**1,529,550**

12 INTANGIBLE ASSETS

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Product development costs	**1,972,955**	1,865,119
Less accumulated amortisation	**(1,070,060)**	(907,126)
	902,895	957,993
Website development costs	**56,427**	56,427
Less accumulated amortisation	**(56,427)**	(56,019)
	-	408
Patents and product approvals	**359,656**	353,867
Less accumulated amortisation	**(130,690)**	(96,573)
	228,966	257,294
	1,131,861	1,215,695

Movement in carrying amounts	Website dev't costs $	Patents/ Product approvals $	Product dev't costs $	Total $
Balance at 1 July 2021	6,413	276,176	1,113,949	1,396,538
Capitalisation of costs	-	18,482	112,095	130,577
R&D tax rebate allocation	-	-	(90,532)	(90,532)
Amortisation expense	(6,005)	(37,364)	(177,519)	(220,888)
Carrying amount at 30 June 2022	408	257,294	957,993	1,215,695
Balance at 1 July 2022	**408**	**257,294**	**957,993**	**1,215,695**
Capitalisation of costs	**-**	**5,789**	**288,987**	**294,776**
R&D tax rebate allocation	**-**	**-**	**(181,151)**	**(181,151)**
Amortisation expense	**(408)**	**(34,117)**	**(162,934)**	**(197,459)**
Carrying amount at 30 June 2023	**-**	**228,966**	**902,895**	**1,131,861**

Patents/product approvals predominantly relate to various applications for new products that have yet to be commercialised. Once the related asset is in use, then the relevant patent/product approval will be amortised over its expected useful life.

The Groups's intangible assets are not capable of generating cash flows independently but form part of a larger cash generating unit (CGU) with various sales and support departments, and other assets. For impairment testing purposes, the carrying amount of intangible assets are compared to the recoverable amount of the Groups's single CGU. Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive and are listed in the tables below.

Item	Assumption	Rationale
Revenue Growth Rates	10% p.a annual average growth	The Groups's strategy is expected to continue to increase both the scale of the rentals business and generate additional international revenues
Expenditure Growth Rates	5% p.a annual average growth	The business has existing capacity to deliver increased revenues without adding significant costs. Managements estimate also takes into account the prevailing interest rate and efforts to contain costs.
Years forecasted	5 years	5 years as per recommended length of time per AASB136
Tax Rate	25%	Base rate entity company tax rate
Working Capital	17% of revenues	Average working capital required
Discount Rate	10% pre-tax	Management's estimate of the Groups's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing. Should these judgements and estimates not occur, the resulting carrying amount of the intangible assets may decrease. The sensitivities are as follows: (a) Revenue and cost of sales growth would need to decrease to 7.2% for the CGU before intangible assets would need to be impaired, with all other assumptions remaining constant. (b) The discount rate for the CGU would be required to increase by at least 7.5% before intangible assets would need to be impaired, with all other assumptions remaining constant.

The directors believe that other reasonable changes in the key assumptions on which the recoverable amount of the Groups's intangible assets is based on would not cause the CGU's carrying amount to exceed its recoverable amount.

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED 2023 $	2022 $
Trade payables	**803,347**	1,148,063
Accrued expenses	**245,256**	193,970
GST payable	**31,802**	48,294
	1,080,405	1,390,327

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

14 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED 2023 $	2022 $
Current		
Bank loans	**183,835**	170,579
Borrowings for asset finance	**932,542**	856,759
	1,116,377	1,027,338
Non-current		
Bank loans	**995,428**	1,176,429
Borrowings for asset finance	**1,054,058**	1,305,319
	2,049,486	2,481,748

Financing facilities available At reporting date, the Group had the following financing facilities provided by the Commonwealth Bank available:	CONSOLIDATED 2023 $	2022 $
Total facilities:		
- term loan	**1,183,128**	1,347,008
- asset finance	**2,000,000**	2,000,000
- overdraft	**500,000**	1,000,000
- bank charge card	**75,000**	75,000
	3,758,128	4,422,008
Facilities used at reporting date		
- term loan	**1,179,263**	1,347,008
- asset finance	**1,642,939**	1,675,184
- overdraft	**-**	-
- bank charge card	**9,830**	61,000
	2,832,032	3,083,192
Facilities unused at reporting date		
- term loan	**3,865**	-
- asset finance	**357,061**	324,816
- overdraft	**500,000**	1,000,000
- bank charge card	**65,170**	14,000
	922,231	1,338,816

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

The term loan facility matures in December 2024.

The Group was in compliance with its facility covenants at 30 June 2023. Pursuant to the finance facility agreement, the Group is required to provide the Commonwealth Bank with six-monthly financial information.

15 LEASE LIABILITIES

	CONSOLIDATED	
	2023	2022
	$	$
Current		
Right-of-use asset leases	**614,796**	517,947
	614,796	517,947
Non-current		
Right-of-use asset leases	**960,529**	1,063,637
	960,529	1,063,637

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

Lease payments not recognised as a liability
The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2023	2022
	$	$
Short-term leases	**28,271**	19,425
Leases of low value assets	**7,926**	7,926
	36,197	27,351

The Group leases its head office and warehouse facility and other warehouse sites with terms ranging from 'month to month' to 10 years.

There are no material make good obligations with leases, individually or in the aggregate.

The Group has leases for the main warehouse and related facilities, an office and production building, equipment rental assets, company motor vehicles, production equipment and office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 11).

16 PROVISIONS

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Current		
Employee benefits	**446,051**	395,752
	446,051	395,752
Non-Current		
Employee benefits	**21,771**	13,277
	21,771	13,277

17 EQUITY

Contributed Equity	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $
Ordinary shares		
Balance at beginning of period	**5,593,998**	5,593,998
Dividend Reinvestment Plan	**-**	-
Share issue costs	**-**	-
Issued and fully paid	**5,593,998**	5,593,998

Movements in ordinary shares on issue (legal parent)	No. of shares	
Balance at beginning of the period	**37,461,783**	37,461,783
Shares issued under Dividend Reinvestment Plan	**-**	-
At 30 June	**37,461,783**	37,461,783

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 2023 $	CONSOLIDATED 2022 $
Movements in retained earnings are as follows:		
Balance at beginning of period	**2,744,100**	2,679,811
Net profit for the year	**127,593**	64,289
Less: Dividend paid (refer note 7)	**-**	-
Balance at 30 June	**2,871,693**	2,744,100

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise a term loan, lease liabilities, 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	
	2023	2022
	$	$
Financial Assets		
- Cash and cash equivalents	**220,111**	4,219
- Financial assets at amortised cost	**1,498,671**	1,801,267
Total Financial Assets	**1,718,782**	1,805,486
Financial Liabilities		
- Financial liabilities at amortised cost	**5,576,337**	6,287,027
Total Financial Liabilities	**5,576,337**	6,287,027

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.

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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	2 to 5 years	Later than 5 years	
2023	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
- Cash	**N/A**	**220,111**	**-**	**-**	**-**	**-**	**220,111**
- Receivables	**N/A**	**1,498,671**	**-**	**-**	**-**	**-**	**1,498,671**
Total Financial Assets		**1,718,782**	**-**	**-**	**-**	**-**	**1,718,782**
Financial Liabilities							
- Payables	**N/A**	**835,148**	**-**	**-**	**-**	**-**	**835,148**
- Bank loans	**6.53%**	**-**	**1,179,263**	**-**	**-**	**-**	**1,179,263**
- Asset finance borrowings	**5.52%**	**-**	**-**	**932,542**	**1,054,058**	**-**	**1,986,600**
- Lease liabilities	**5.33%**	**-**	**-**	**614,796**	**960,529**	**-**	**1,575,325**
Total Financial Liabilities		**835,148**	**1,179,263**	**1,547,338**	**2,014,587**	**-**	**5,576,337**
2022	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
- Cash	N/A	4,219	-	-	-	-	4,219
- Receivables	N/A	1,801,267	-	-	-	-	1,801,267
Total Financial Assets		1,805,486	-	-	-	-	1,805,486
Financial Liabilities							
- Payables	N/A	1,196,357	-	-	-	-	1,196,357
- Bank loans	3.80%	-	1,347,008	-	-	-	1,347,008
- Asset finance borrowings	5.77%	-	-	856,759	1,305,319	-	2,162,078
- Lease liabilities	5.78%	-	-	517,947	1,063,637	-	1,581,584
Total Financial Liabilities		1,196,357	1,347,008	1,374,706	2,368,956	-	6,287,027

(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 $24,903 at 30 June 2023 (2022: $16,030), 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 $29,530 (2022: $36,190).

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.

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 lease liabilities.

Maturity analysis of financial liabilities:

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	$	$	$
2023				
- Payables	**835,148**	**-**	**-**	**835,148**
- Bank loans	**183,835**	**995,428**	**-**	**1,179,263**
- Borrowings for asset finance	**932,542**	**1,054,058**	**-**	**1,986,600**
- Lease liabilities	**614,796**	**960,529**	**-**	**1,575,325**
Total Financial Liabilities	**2,566,321**	**3,010,015**	**-**	**5,576,337**

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	$	$	$
2022				
- Payables	1,196,357	-	-	1,196,357
- Bank loans	170,579	1,176,429	-	1,347,008
- Borrowings for asset finance	856,759	1,305,319	-	2,162,078
- Lease liabilities	517,947	1,063,637	-	1,581,584
Total Financial Liabilities	2,741,642	3,545,385	-	6,287,027

(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.

(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 2023	**$**	**$**
+/-2% in interest rates	+/-23,585	+/-23,585
+/-5c in AUD / USD	+/-174,816	+/-174,816
Year Ended 30 June 2022	$	$
+/-2% in interest rates	+/-26,940	+/-26,940
+/-5c in AUD / USD	+/-143,560	+/-143,560

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 2023	% equity interest 2022
Saferoads Pty Ltd	Australia	**100%**	100%

20 RELATED PARTIES

Transactions with Key Management Personnel
During the financial year the Group acquired certain consumable manufacturing materials from an entity related to Mr D. Hotchkin at normal commercial rates aggregating $46,033 (2022: $42,815), with $19,707 included in Trade payables at 30 June 2023 (2022: $13,300).

During the financial year the Group leased premises from an entity related to Mr D. Hotchkin at normal commercial rates aggregating $8,583 (2022: $19,425), with no security deposits paid at 30 June 2023 (2022: $1,667).

During the financial year the Group received design and modelling services from an entity related to Mr D. Hotchkin at normal commercial rates aggregating $147,158 (2022: $38,753), with $12,447 in Trade payables at 30 June 2023 (2022: NIL).

During the financial year an entity related to Mr D. Hotchkin purchased goods at normal commercial rates for $12,682 (2022: NIL), with $13,951 in Trade receivables at 30 June 2023 (2022: NIL).

21 AUDITORS' REMUNERATION

	2023 $	2022 $
Amounts received or due and receivable by:		
- Grant Thornton, for the audit of the financial report	**95,275**	76,000
- Other services (R&D tax rebate): Grant Thornton	**55,305**	20,000

22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Management Personnel

(i) Directors

David Ashmore	Non-Executive Chairman
Darren Hotchkin	Managing Director
Steven Difabrizio	Non-Executive

(ii) Executives

Peter Fearns	Chief Financial Officer *(resigned 28 February 2023)*
Mark Langham	Chief Financial Officer *(appointed 27 March 2023)*
Trent Loveless	Chief Operating Officer

(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.

	2023 $	2022 $
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	**882,435**	802,494
- Post-employment benefits	**73,455**	59,080
- Long-term employee benefits	**5,720**	1,169
	961,610	862,743

23 PARENT ENTITY DISCLOSURES

	2023 $	2022 $
Current assets	**-**	-
Total assets	**5,600,022**	5,600,022
Current liabilities	**-**	-
Total liabilities	**-**	-
Net assets	**5,600,022**	5,600,022
Issued capital	**5,593,998**	5,593,998
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	**576,051**	486,894

24 CONTINGENT ASSETS AND LIABILITIES

Workplace incident

On 26 November 2021, a workplace incident occurred at the Group's Victorian *Road Safety Rental* branch, which resulted in the death of a third-party transport driver. The incident has been the subject of investigations by the relevant authorities. The Group has co-operated with the relevant authorities in respect of their investigations.

Saferoads Pty Ltd, the wholly-owned subsidiary of the Company, has been served with six charges alleging breaches of sections 23 and 26 of the Victorian Occupational Health & Safety Act 2004. While the Group has insurance in respect of these types of incidents, legislative changes in Victoria have resulted in regulatory penalties no longer being insurable and thus the Group's insurance cover is limited to legal fees related to its defence of the charges. At the date of this report, the Group is still taking legal advice regarding how it intends to proceed at the Committal Mention scheduled for the 27th of September 2023. Therefore, the Group is not in a position to provide a reliable estimate of its exposure to such regulatory penalties at this time.

There are no contingent assets as at 30 June 2023 (2022: NIL).

25 SUBSEQUENT EVENTS

There has been no matter or circumstance which has arisen since 30 June 2023 that has significantly affected or may significantly affect the operations of the Group or the results of those operations or the state of affairs of the Group.