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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%

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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.

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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.

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APPENDIX 4E
and
FINANCIAL REPORT

YEAR ENDED 30 JUNE 2018

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

RELEASED 23 August 2018

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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.

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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

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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:

	Year ending 30 June		
	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%**

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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.

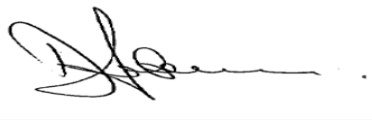
Another area of strategic focus for us is pedestrian safety. The ongoing events around the world involving vehicles deliberately driven into urban precincts designated predominantly for pedestrians is a major concern. In response, we have developed our new OmniStop™ High Security Pedestrian Safety Bollard 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

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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 Fearns	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

David Ashmore

Director

23 August 2018

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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

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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).

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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

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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

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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

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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

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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.

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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.

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(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.

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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.

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(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.

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(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.

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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

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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 2018 $	2017 $	Statement of Profit or Loss and Other Comprehensive Income 2018 $	2017 $
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred income tax asset/(liability)				
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 as 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.

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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

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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

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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.

Plant & equipment	CONSOLIDATED 2018 $	2017 $
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

Movement in carrying amounts	Website dev't costs $	Patents/ Product approvals $	Product dev't costs $	Total $
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.

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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	CONSOLIDATED	
At reporting date, the following financing facilities had been negotiated and were available:	**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.

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

Contributed Equity	CONSOLIDATED 2018 $	2017 $
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 2018	2017
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

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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.

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(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			Fixed Interest Rate Maturing		
		Non Interest Bearing	Variable Interest Rate	Within 1 year	1 to 5 years	Total
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.

(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

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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).

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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 Fearns	Chief Financial Officer / Company Secretary

(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

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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.

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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 *Intangible Assets* only directly attributable costs incurred during the development phase may be capitalised and recognised as an asset. AASB 136 *Impairment of Assets* 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 *Intangible Assets*, 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.

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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