Released 28 August 2020

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2020

Saferoads delivers solid result in challenging market environment

FINANCIAL SUMMARY

12 months ending	June 2020 $'000	June 2019 $'000
Revenue	**16,497**	17,946
Gross profit	**6,279**	6,571
EBITDA	**1,964**	1,070
Depreciation and amortisation	**(1,083)**	(870)
EBIT	**881**	200
Finance costs	**(291)**	(255)
Profit/(loss) after tax	**521**	(41)
Operating cash flows	**2,265**	542
Gearing * (net debt / net debt + equity)	**19.7%**	29.7%

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

FY2020 MILESTONES

- Profit after tax of $521k, a solid turnaround on the prior year
- EBITDA up 83% year on year, generating over $2 million in operating cash flows
- Improvement in overall Gross margin from 36% to 38%, driven by further growth in our equipment rental business (up 80%), with increased demand and available fleet following the investments made in the current and prior year
- Modest growth in our International business (up 15% year on year), despite impact of COVID-19 in the latter part of the year
- Domestic products business has been modestly impacted by COVID-19

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2020

OUTLOOK FOR FY2021

- $2.2 million of secured work currently in hand which reflects a modest reduction in order intake since Stage 4 COVID-19 restrictions came into effect in Victoria
- Budgeting for similar profits as best we can, allowing for uncertain COVID-19 impacts, based on continued cost control and the expected supply of essential goods and services to support the infrastructure spending by governments
- Further progress in International opportunities, particularly the HV2™ temporary barrier system, portable solar lighting solutions and OmniStop™ permanent and portable bollard systems, subject to further COVID-19 restrictions

Enquiries/Additional Information:

David Ashmore, Chairman
Ph: 03 5945 6600

ABOUT SAFEROADS

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

APPENDIX 4E
and
FINANCIAL REPORT

YEAR ENDED 30 JUNE 2020

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

RELEASED 28 August 2020

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Appendix 4E
Preliminary Final Report for the year ended 30 June 2020

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 2020	30 June 2019

2. Results for announcement to the market

Key information	**Current period** **$**	Previous corresponding period $	% Change increase / (decrease)	Amount ($) increase / (decrease) $
Revenue from ordinary activities	**16,496,950**	17,946,570	-8%	(1,449,620)
Profit/(loss) from ordinary activities after tax attributable to members	**521,029**	(41,586)	N/A	562,615
Net profit/(loss) for the period attributable to members	**521,029**	(41,586)	N/A	562,615

Dividends (distributions)			Amount per share	Franked amount per share
Final dividend	Record Date Paid	N/A N/A	N/A	N/A
Interim dividend	Record Date Payable	N/A N/A	N/A	N/A

Supplementary comments

Commentary in respect of the results is provided in the attached Chairman's Overview and CEO's Review of Operations and Activities.

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (cents)	**14.8 cents**	12.2 cents

4. Dividends

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

5. Dividend reinvestment plans
N/A

6. Associates and Joint Ventures
N/A

7. Foreign entities
N/A

CHAIRMAN'S OVERVIEW

Dear Shareholder,

FINANCIAL OVERVIEW

On behalf of the Board, I am pleased to report a profit after tax of $521k, a significant turnaround from the prior year and a result achieved in what has become a significantly uncertain economic environment with the COVID-19 global pandemic. A primary driver was the growth in our equipment rental business on the back of increased demand and our investment in additional fleet of $2.47 million over the past three years. Our International business was also up 15% on the prior year as we supplied additional product to a key customer in New Zealand. The company is strategically well placed to continue to capitalise on the ongoing government infrastructure project spending.

As the COVID-19 global pandemic evolved, our Domestic Products business saw demand for some of our products waiver and/or deferred. We responded by acting swiftly and decisively during this period, instituting cost saving initiatives, including reduced working hours, temporary wage reductions and improved stock management. We also registered for various State and Federal government economic assistance programs, where eligible. The Company is very grateful for the understanding shown by its staff of the cost containment initiatives directly impacting them and their continued compliance with COVID-19 safe work practices.

Total revenue was down $1.45 million, or 8% to $16.5 million. There was however an improvement in overall gross margin, mainly driven by the growth in our equipment rental business. The ongoing focus on supply chain and other cost reductions and our ability to adapt quickly to adverse trading conditions as COVID-19 began impacting our markets, led to an acceptable profit position albeit not where we had originally targeted.

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

	Year ending 30 June		
	2018 $'000	**2019 $'000**	**2020 $'000**
Revenue	19,193	17,946	**16,497**
Gross profit	6,536	6,571	**6,279**
EBITDA *	1,371	1,070	**1,964**
Profit/(loss) after tax	710	(41)	**521**
Operating cash flows	1,470	542	**2,265**
Gearing ** (net debt / net debt + equity)	15.6%	29.7%	**19.7%**

* *Incorporating adoption of AASB 16 – Leases from FY2019 onwards*

** *Excluding right-of-use asset lease liabilities from FY2019 onwards*

We expanded our equipment rental business during the year, investing a further $954k in additional temporary barriers, solar powered Variable Message Sign (VMS) trailers, and portable solar lights, to provide a broader offering to our key customers for their work zone needs. This growth was facilitated by additional borrowings of only $158k in equipment finance during the year, with improved working capital and receipt of a $352k tax rebate for prior year research & development providing the balance. The ability to expand our equipment rental fleet with minimal reliance on debt led to an improved gearing position of just under 20% at year end.

CORPORATE ACTIVITIES

In March, we were pleased to appoint Mr. Hayden Wallace to the Board. Hayden is well known in the road safety industry and his business, Safe Direction, is a market leader in the fixed permanent safety barrier market. His deep knowledge of the road safety industry and broad industry network has added value to the business from a strategic perspective.

With improved results, the Board is very mindful of the need to reward shareholders with dividends. Any decision on this needs to balance the responsibility to shareholders, the liquidity of the Company to continue through the COVID-19 recession and to also fulfill its future growth plans. To this end, we introduced a Dividend Reinvestment Plan in June to assist our cash management and provide an option for shareholders who wish to reinvest in the company. To date, shareholdings representing 56% of the Company's capital have elected to reinvest their future dividends. The cash savings will be used to contribute to the cost of our future expansion initiatives and will reduce the need to borrow those funds. We are hopeful that, subject to the trading conditions over the coming months as the impact of the COVID-19 pandemic becomes clearer, we will be able to announce a dividend.

Earlier this month, we announced to the market that we had finalised a revision to our facility agreement with our financier, Commonwealth Bank of Australia (CBA). The revised facility incorporates the continuation of a $1.6 million term loan out to October 2024, as well as a new $800k asset finance facility to enable further growth in our equipment rental portfolio. This ongoing support provided by the CBA demonstrates the bank is supportive of our current business model and growth plans.

OUTLOOK

Whilst the fallout of the COVID-19 global pandemic plays out across the world and governments predict recessionary type economic environments, we are confident that governments will continue their responses to these circumstances with increased spending to support the economy and in particular, their public infrastructure spending. We are strategically well placed with our business model being aligned to the infrastructure sector, that will enable us to support our earnings base and grow by continuing to offer leading edge products and services to this sector.

We have commenced the new financial year with secured work in hand of $2.2 million at the date of this report.

Our equipment rental business expansion will continue to generate strong returns and we will selectively use debt to grow our rental fleet to meet our customers' road safety needs. The returns on this strategy are proven and with the majority of our fleet originating from our own proprietary products, our investment cost is lower than most of our peers.

We anticipate our international markets will take longer to recover due to the COVID-19 restrictions in effect in the countries we are dealing with.

ACKNOWLEDGMENTS

I would like to again acknowledge and thank our staff and management team for their acceptance and understanding of the steps we needed to take to ensure the ongoing viability of the business, particularly in the very significantly uncertain times when the COVID-19 pandemic started to impact our local and international communities. During this time, they also continued their dedication and focus on improving our business model, irrespective of the significant disruption and uncertainty. We have a core team of people whose knowledge and effort towards improving sales, service and returns will continue to underpin the future strength and viability of the business.

I also sincerely thank all our shareholders for their continued support. Our primary focus continues to be the improvement in the financial performance and sustainability of your Company and we are encouraged by the steps taken to date to soon be in a position to reward this support with dividends.

Finally, I wish to acknowledge the extensive work of my fellow directors and their diligent and collaborative efforts and ongoing guidance and monitoring of the business during these unprecedented times.

David Ashmore
Chairman of the Board

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS AND ACTIVITIES

PERFORMANCE DURING 2019-2020

The turnaround in profit for the year, despite the impact of the COVID-19 pandemic in the second half, was very pleasing. The base we had established at the half year was at risk of being eroded if we had not taken swift and decisive action to safeguard the future viability of the business with various cost saving initiatives, including reduced working hours, temporary wage reductions and improved stock management in response to an initial reduction in demand, particularly in our core Domestic Products business.

It was our equipment rental business - *Road Safety Rental* – that exceeded overall performance expectations for the year, with further broadening of its offering and improved utilisation leading to an 80% increase in revenue on the prior year. There was strong demand for temporary barriers, portable light towers and Variable Message Signs, particularly in Victoria. We were also able to launch our new OmniStop™ portable bollard system through a hire opportunity for a major community street festival in suburban Melbourne just prior to Christmas last year, with very favourable feedback from the event organisers.

Internationally, sales increased 15% on the prior year as we secured further sales of our new HV2™ temporary barrier system to New Zealand, as well as another order under the distributor agreement for our patented Ironman™ barrier in the USA. We also had additional sales of our flexible signage products into Belgium, and further orders for our solar lighting products to New Zealand, and traffic calming products into New Zealand and Malaysia.

Our Domestic Products business was impacted with reduced demand for on-grid lighting products and temporary barrier sales. This was exacerbated by the COVID-19 pandemic as some projects slowed, particularly new residential housing developments in Victoria.

Our move into off-grid solar lighting solutions, continues to develop, and whilst on-grid lighting sales declined, we were able to supplement this with sales of permanent and portable solar lighting solutions to a number of existing and new customers across the country, particularly in Queensland and New South Wales.

Our proprietary Variable Messaging Sign trailer solution had improved sales as we renewed a supply agreement with a State Road Authority and we had improved sales in some of our traffic calming products.

INNOVATION INITIATIVES

Our focus in FY2020 was on commercialising our most recent products – the HV2™ temporary barrier system and the OmniStop™ portable bollard system. Whilst we were successful with the former, in New Zealand, the latter was impacted by the COVID-19 pandemic and restrictions on crowd gatherings. As we come out of the COVID-19 restrictions, we will be re-establishing interest in the portable bollard system with our contacts in events management.

It was pleasing to receive AusIndustry's R&D tax rebate during the year which returned some of the past investment primarily in these two new products.

We have made enhancements to various existing products over the year and there are other projects in conceptual design stage and as we see commercial merit in these, we will advance to simulation modelling and prototypes to test our assumptions.

LOOKING AHEAD

Forecasting in the current economic environment remains challenging. The forward order book is presently reasonable, but factors outside our control, such as continued government-enforced lockdowns in response to the ongoing COVID-19 pandemic makes doing business very challenging, particularly when it impacts not only your own business but also your customer base and supply chain. We are heartened by the fact that some of our customers are involved with critical and essential infrastructure and we provide ongoing support to these customers and projects.

The COVID-19 global pandemic is changing the way we go to market and we have invested further in online platforms to allow customers to experience our broad range of products and services. An increasing number of sales opportunities are now coming through these digital channels.

On the back of our success of introducing our new HV2™ temporary barrier system into New Zealand, we are in early discussions for the sale of the product in both Australia and Canada.

Our nation's state road authorities, under the guiding direction set by AustRoads, have advised that all temporary barriers in Australia must be compliant with the new MASH standard by December 31, 2020. Both our HV2™ temporary barrier and T-LOK™ concrete barrier systems are MASH compliant and in a strong position to be a select number of compliant temporary barrier systems available to construction companies and equipment hire companies following the implementation of the new standard.

We will continue to selectively invest further in our *Road Safety Rental* brand, through offering a broader range of work zone products and services for the construction sector.

Finally, I would like to acknowledge the support of all the Saferoads team, who have delivered a solid result for FY2020 and have adapted well to the challenges of operating in the current COVID-19 environment.

Darren Hotchkin
Chief Executive Officer

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2020.

DIRECTORS

David Ashmore	Non-Executive Chairman	Appointed 22 November 2012
Darren Hotchkin	Executive Director (CEO)	Appointed 21 October 2005
David Cleland	Non-Executive Director	Appointed 1 December 2010
Hayden Wallace	Non-Executive Director	Appointed 16 March 2020

DIRECTOR PROFILES

David Ashmore (Age 68) (FCA GAICD F.FIN)
Non-Executive Chairman

David Ashmore was appointed to the Board on 22 November 2012 and was re-elected at the November 2013, October 2015, October 2017 and October 2019 AGM's. He was appointed Chairman of the Board on 19 August 2013. He is Chairman of the Remuneration/Nomination Committee and a member of the Audit and Risk Committee.

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

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

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

Darren Hotchkin (Age 56)
Executive Director/Chief Executive Officer

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

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

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

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

David Cleland (Age 75) (Dip.ME GAICD FIE (retired))
Non-Executive Director

David Cleland was appointed to the Board on 1 December 2010 and was re-elected at the October 2011, November 2014, October 2016 and October 2018 AGM's. He was appointed acting Chief Executive Officer on 28 November 2011, handing over the role to Darren Hotchkin on 10 April 2012. He is Chairman of the Audit and Risk Committee and a member of the Remuneration/Nomination Committee.

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

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

Hayden Wallace (Age 49) (MBA, B. Eng.)
Non-Executive Director

Hayden Wallace was appointed to the Board on 16 March 2020. He is a member of the Audit and Risk Committee and Remuneration/Nomination Committee

Mr. Wallace is a respected and leading figure in the road safety barrier industry with over 20 years' experience in leading multi-site product manufacturing and distribution facilities serving the national road safety barrier market.

Hayden has invented numerous road and vehicle safety barrier systems covered by international patents. He has been involved in advancing best practice for safety barrier systems through active participation in the Australian and New Zealand Standard for Road Safety Barriers as well as championing the advancement of numerous public domain road safety barrier systems to the Australian market.

Hayden has led the design and construction of several manufacturing plants for production of road safety barriers as well as a galvanising facility. He is the founding director and a major shareholder of Safe Direction Pty Ltd, a company that designs, manufactures, supplies and installs innovative guardrail systems and safety barriers for roads, car parks, warehouses and pedestrians. These products are not competitive with, but are complementary to, Saferoads' product range.

Hayden holds a Master's of Business Administration from The University of Technology, Sydney and Bachelor of Engineering from The University of Sydney.

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

COMPANY SECRETARY

Peter Fearns (CPA, BBus (Acctg))

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

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

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

INTEREST IN SHARES

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

Name	Shares
David Ashmore	1,401,807
Darren Hotchkin	9,359,025
David Cleland	508,610
Hayden Wallace	Nil

DIVIDENDS

No interim or final dividend was paid or declared for the financial year ended 30 June 2020.

No interim or final dividend was declared or paid for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

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

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

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

REVIEW AND RESULTS OF OPERATIONS

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the 2019-20 year, there has been no significant change in the Company’s state of affairs other than as disclosed in this financial report.

SIGNIFICANT EVENTS AFTER REPORTING DATE

Since the end of the financial year the Company has entered into a revised facility agreement with its financier, Commonwealth Bank of Australia, offering an extended term of an additional two years on the Term loan and a new asset finance facility to enable further growth in the equipment rental portfolio.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

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

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

OPTIONS

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

REMUNERATION REPORT

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

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS

Total remuneration for non-executive Directors for 2019-20 was $144,250**.** Their remuneration packages comprised only fixed Directors' fees plus statutory superannuation (where applicable) and were within the limits set out in the Company's constitution. Currently this limit is set at $350,000 per annum, and can only be changed at a general meeting.

EXECUTIVE DIRECTOR

Mr Darren Hotchkin, Chief Executive Officer, received total remuneration of $345,880, including statutory superannuation. In addition, Mr Hotchkin was eligible for a discretionary bonus of $50,000 based on the Company's financial performance exceeding budget targets for FY2020. This did not eventuate.

KEY MANAGEMENT PERSONNEL

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

PERFORMANCE-BASED REMUNERATION

No performance-based remuneration (bonus incentives) were paid or payable to key management personnel, including the CEO, for the year (FY2019: nil). The criteria for discretionary bonuses were the Company's financial performance exceeding budget targets for FY2020. This did not eventuate.

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

	2020	**2019**	**2018**	**2017**	**2016**
EPS (cents)	1.4	(0.1)	1.9	0.3	(0.3)
Net profit/(loss) ($)	521,029	(41,586)	709,692	118,847	(116,082)
Share price ($)	$0.20	$0.22	$0.20	$0.11	$0.13

EMPLOYMENT CONTRACTS

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

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2020

	Short Term					**Long Term**	**Share Based Payment**	**Total**	**Perform-ance Related**
	Salaries & Fees	Non-monetary	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	$	$	$	$	$	$	$	$	%
Non Executive Directors									
D Ashmore	67,808	-	-	-	6,442	-	-	74,250	-
D Cleland	31,514	-	-	-	26,986	-	-	58,500	-
H. Wallace	10,502	-	-	-	998	-	-	11,500	-
Executive Director									
D Hotchkin	302,950	21,927	-	-	21,003	-	-	345,880	-
Executive *									
P Fearns	175,500	-	-	-	22,147	3,662	-	201,309	-
Total	**588,274**	**21,927**	**-**	**-**	**77,576**	**3,662**	**-**	**691,439**	

** Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.*
Note, in response to the COVID-19 situation, the non-executive directors agreed to a 40% reduction and the executive director a 20% reduction in remuneration for the time period covering April to June 2020.

30 June 2019

	Short Term					**Long Term**	**Share Based Payment**	**Total**	**Perform-ance Related**
	Salaries & Fees	Non-monetary	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	$	$	$	$	$	$	$	$	%
Non Executive Directors									
D Ashmore	75,342	-	-	-	7,158	-	-	82,500	-
D Cleland	42,798	-	-	-	22,202	-	-	65,000	-
Executive Director									
D Hotchkin	323,333	17,771	-	-	20,531	-	-	361,635	-
Executive *									
P Fearns	168,250	-	-	-	22,554	3,652	-	194,456	-
Total	**609,723**	**17,771**	**-**	**-**	**72,445**	**3,652**	**-**	**703,591**	

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shares held in Saferoads Holdings Limited:

	Balance at 1 July 2019	Acquired through On-Market trade	Acquired through Off-Market trade	Sold	Balance at 30 June 2020
Directors					
D Hotchkin	8,641,655	227,370	490,000	-	9,359,025
D Ashmore	1,341,807	60,000	-	-	1,401,807
D Cleland	508,610	-	-	-	508,610
H Wallace	-	-	-	-	-
Executive					
P Fearns	33,000	-	-	-	33,000
Total	**10,525,072**	**287,370**	**490,000**	**-**	**11,302,442**

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 number of meetings attended by each Director, were as follows:

Names	Directors		Audit & Risk		Remuneration/Nomination	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr D Ashmore	11	11	3	3	1	1
Mr D Hotchkin	11	11	-	-	-	-
Mr D Cleland	11	11	3	3	1	1
Mr H Wallace	4	4	-	-	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

28 August 2020

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
GPO Box 4736
Melbourne VIC 3008

T +61 3 8320 2222

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 2020, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Michael Climpson
Partner - Audit & Assurance

Melbourne, 28 August 2020

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 2020 is dated as at 30 June 2020 and was approved by the Board on 21 July 2020. 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-governance).

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2020

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 2020

	Notes	CONSOLIDATED 2020 $	2019 $
Revenue			
Revenue from product sales and services	4	**16,496,950**	17,946,570
Cost of direct materials and labour		**(9,772,926)**	(11,629,058)
Movement in inventories		**(445,283)**	253,336
Gross profit		**6,278,741**	6,570,848
Other income	4	**33,655**	162,248
Employee benefits		**(2,652,680)**	(3,926,670)
Motor vehicle costs		**(129,437)**	(173,173)
Occupancy costs		**(47,422)**	(85,634)
Travel and accommodation costs		**(103,226)**	(283,664)
IT & Communications costs		**(128,513)**	(138,195)
Warehouse costs		**(179,645)**	(128,126)
Impairment (loss)/gain of financial assets	9	**(76,950)**	30,000
Other expenses		**(1,030,579)**	(957,682)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**1,963,944**	1,069,952
Depreciation and amortisation	4	**(1,083,143)**	(869,687)
Earnings before interest and tax (EBIT)		**880,801**	200,265
Finance costs	4	**(290,616)**	(255,292)
Profit/(loss) before income tax		**590,185**	(55,027)
Income tax benefit/(expense)	5	**(69,156)**	13,441
Net profit/(loss) for the period		**521,029**	(41,586)
Net profit/(loss) attributable to members of the parent		**521,029**	(41,586)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the period		**521,029**	(41,586)
Total comprehensive income/(loss) attributable to members of the parent		**521,029**	(41,586)
Earnings per share		**Cents**	Cents
- Basic for profit/(loss) for the full year	6	**1.43**	(0.11)
- Diluted for profit/(loss) for the full year	6	**1.43**	(0.11)
Dividend paid per share (cents)	7	**-**	-

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Financial Position
AS AT 30 JUNE 2020

	Notes	CONSOLIDATED 2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	**1,257,468**	529,231
Trade and other receivables	9	**1,725,092**	2,412,465
Inventories	10	**3,057,902**	3,325,701
Prepayments		**256,048**	197,353
Total Current Assets		**6,296,510**	6,464,750
Non-current Assets			
Property, plant and equipment	11	**5,950,093**	5,982,324
Intangible assets	12	**1,272,622**	1,642,231
Deferred tax assets	5	**1,198,697**	1,267,853
Other non-current assets		**17,939**	17,937
Total Non-current Assets		**8,439,351**	8,910,345
TOTAL ASSETS		**14,735,861**	15,375,095
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**1,856,926**	2,336,266
Contract liabilities		**200,710**	76,509
Interest-bearing loans and borrowings	14	**155,347**	79,773
Lease liabilities	15	**726,728**	687,759
Provisions	16	**312,593**	487,037
Total Current Liabilities		**3,252,304**	3,667,344
Non-current Liabilities			
Interest-bearing loans and borrowings	14	**1,502,934**	1,704,286
Lease liabilities	15	**2,071,089**	2,644,548
Provisions	16	**46,991**	17,403
Total Non-current Liabilities		**3,621,014**	4,366,237
TOTAL LIABILITIES		**6,873,318**	8,033,581
NET ASSETS		**7,862,543**	7,341,514
EQUITY			
Contributed equity	17	**5,353,905**	5,353,905
Retained earnings	17	**2,508,638**	1,987,609
TOTAL EQUITY		**7,862,543**	7,341,514

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2020

	Contributed Equity $	Retained Earnings $	Total Equity $
CONSOLIDATED			
At 1 July 2018	5,353,905	2,110,309	7,464,214
Adjustment from adoption of AASB 16	-	(81,114)	(81,114)
Net profit/(loss) for the period	-	(41,586)	(41,586)
Other comprehensive income for the period	-	-	-
At 30 June 2019	5,353,905	1,987,609	7,341,514
At 1 July 2019	**5,353,905**	**1,987,609**	**7,341,514**
Net profit/(loss) for the period	**-**	**521,029**	**521,029**
Other comprehensive income for the period	**-**	**-**	**-**
At 30 June 2020	**5,353,905**	**2,508,638**	**7,862,543**

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		**18,651,456**	19,739,579
Payments to suppliers and employees		**(16,386,466)**	(19,197,256)
Net cash flows from operating activities	8	**2,264,990**	542,323
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**145,850**	-
Purchase of plant and equipment		**(741,787)**	(339,689)
Product development costs		**(82,866)**	(336,702)
R&D tax rebate received		**351,850**	212,414
Net cash flows from investing activities		**(326,953)**	(463,977)
Cash flows from financing activities			
Proceeds from lease liabilities		**-**	356,386
Repayment of loans and borrowings		**(125,778)**	(73,765)
Repayment of lease liabilities		**(798,447)**	(653,832)
Interest received		**5,041**	2,582
Interest paid		**(290,616)**	(255,294)
Net cash flows from financing activities		**(1,209,800)**	(623,923)
Net increase/(decrease) in cash and cash equivalents		**728,237**	(545,577)
Cash and cash equivalents at beginning of period		**529,231**	1,074,808
Cash and cash equivalents at end of period	8	**1,257,468**	529,231

The accompanying notes form part of these 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 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
For the Financial Report for the year ended 30 June 2019, the group elected to early adopt all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard Board (‘AASB’) that were mandatory for the 30 June 2020 reporting period. Other new accounting standards and interpretations published but not yet mandatory for the 30 June 2020 reporting period have not been early adopted by the group. The group’s initial assessment of the impact of these standards and interpretations is that there will be no material impact upon future application.

The financial statements were authorised for issue by the Directors on 28 August 2020. 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.

(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) 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 (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.

(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

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

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 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 assess 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 from sales of goods for a fixed fee with no significant service obligation is recognised when or as the Group has transferred control of the assets to the customer. Control of the asset is considered to transfer to the buyer at the time of delivery of the goods to the customer.

Rendering of services
Revenue from the provision of services is recognised over time on a straight line basis. The Group utilises the output method to measure the progress of the services provided.

(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.

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.

(ii) 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.

(iii) 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.

(iv) Going concern - COVID-19 pandemic

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

The COVID-19 global pandemic continues to impact domestic and international economies. The degree and duration of the financial impact on the activities and financial position of the Company is presently unknown as it is very difficult to assess. The Company will continue to monitor the COVID-19 situation and react accordingly to protect its employees, assets and shareholder interests.

Whilst the current trading environment has been impacted by the recent Victorian COVID-19 Stage 4 restrictions, the Company is still servicing demand for critical and essential infrastructure construction.

The Company has the ability to scale back the business where necessary, if the economic conditions worsen, however it is the Directors' current view that governments historically have responded to past recessionary situations with significant investments in public infrastructure and the Company is well-placed to provide its products and services in support of this investment going forward. At the date of this report, the Company has a strong liquidity position and has support from its primary financier, having recently renegotiated its financing facilities (refer note 24).

(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.

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. In the current year the Group considers there to be one material segment being the operations within Australia.

During 2020, $1,653,023 or 10% (2019: $2,363,107 or 13%) 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 2020 $	2019 $
(i) Revenue		
Revenue from product sales - point in time	**12,770,525**	15,862,949
Revenue from provision of services - over time	**3,726,425**	2,083,621
	16,496,950	17,946,570
(ii) Other income		
R&D tax rebate	**-**	88,191
Product royalty income - International	**-**	56,362
Net gain/(loss) on sale of assets	**15,947**	-
Interest	**5,041**	2,582
Government grant (export market development)	**-**	20,348
Government grant (COVID-19 Cash Boost)	**50,000**	-
Net foreign exchange gains/(losses)	**(41,064)**	(19,881)
Other	**3,731**	14,646
	33,655	162,248
	16,530,605	18,108,818
(iii) Expenses		
Depreciation and amortisation		
- Property, plant & equipment	**614,351**	523,506
- Right-of-use assets	**240,866**	237,159
- Intangible assets	**227,926**	109,022
	1,083,143	869,687
Impairment of assets	**47,083**	3,585
Finance costs		
- Bank borrowings	**95,012**	102,954
- Leasing arrangements	**195,604**	152,338
	290,616	255,292
Bad debts written off	**60,920**	-
Provision (writeback) for doubtful debts	**16,030**	(30,000)

During the year, the Company was a recipient of a wage subsidy provided by the Australian Federal government in response to the COVID-19 pandemic. An amount of $318,000 is included as an offset in Employee benefits expense.

5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2020 are:

	CONSOLIDATED 2020 $	2019 $
Statement of Profit or Loss and Other Comprehensive income		
Current income tax charge/(benefit)	**69,156**	(13,441)
Income tax expense/(benefit) reported in statement of profit or loss and other comprehensive income	**69,156**	(13,441)
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	**590,185**	(55,027)
At the statutory income tax rate of (2020: 27.5%; 2019: 27.5%)	**162,301**	(15,132)
Non-deductible expenses	**1,812**	1,691
Recognition of prior year unbooked tax losses	**(94,957)**	-
	69,156	(13,441)

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive Income	
	2020 $	**2019 $**	**2020 $**	**2019 $**
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred income tax asset/(liability)				
Employee entitlements	**98,886**	138,721	**39,835**	9,993
Capitalised Research & Development Costs	**(270,351)**	(369,749)	**(99,398)**	36,081
Other	**15,552**	11,144	**(4,408)**	31,738
Deferred tax assets relating to other temporary differences	**155,913**	219,884	**(30,986)**	(77,812)
Carry forward tax losses brought to account	**1,198,697**	1,267,853	**94,957**	-
Gross deferred income tax (liability)/asset	**1,198,697**	1,267,853		
Deferred income tax charge			**-**	-

As as 30 June 2020, the consolidated entity has carry forward tax losses with a tax effect of $1,893,549, measured at the new corporate tax rate of 26%. Carry forward tax losses with a tax effect of $1,198,697 have been brought to account as a deferred tax asset. Carry forward tax losses with a tax effect of $694,852 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.

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	
	2020	**2019**
	$	**$**
Net profit/(loss) attributable to equity holders from continuing operations	**521,029**	(41,586)
Net profit/(loss) attributable to equity holders of the parent	**521,029**	(41,586)
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share	**521,029**	(41,586)
Weighted average number of ordinary shares for basic earnings per	**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	**1.43**	(0.11)
- Diluted for profit/(loss) for the full year	**1.43**	(0.11)

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	
	2020	**2019**
	$	**$**
Equity dividends on ordinary shares:		
Interim franked dividend for 2020: 0.0 cents (2019: 0.0 cents)	**-**	-
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2020: 0.0 cents (2019: 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.	**4,134,941**	4,347,400

8 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2020	**2019**
	$	**$**
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	**1,257,468**	529,231
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	**521,029**	(41,586)
Adjustments for:		
Depreciation and amortisation	**1,083,143**	866,102
Net (profit)/loss on disposal of plant and equipment	**(15,947)**	-
Impairment of assets	**47,083**	3,585
Bad and doubtful debts	**76,950**	(30,000)
Interest received	**(5,041)**	(2,582)
Interest paid	**290,616**	255,292
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**610,423**	69,728
(Increase)/decrease in inventories	**273,571**	(253,336)
(Increase)/decrease in other assets	**(58,697)**	74,865
Decrease/(increase) in deferred tax asset	**69,156**	(13,441)
(Decrease)/increase in trade and other payables	**(606,641)**	(308,347)
(Decrease)/increase in unearned income	**124,201**	(41,619)
(Decrease)/increase in provisions	**(144,856)**	(36,338)
Net cash from operating activities	**2,264,990**	542,323

Non-cash financing and investing activities

During the year, the Group acquired plant and equipment (excluding right-of-use assets) with an aggregate value of $157,480 (2019: $1,253,652) by means of leases.

9 TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED	
	2020	**2019**
	$	**$**
Trade receivables	**1,622,174**	2,225,146
Other receivables	**118,948**	187,319
Provision for impairment	**(16,030)**	-
	1,725,092	2,412,465
Ageing of trade receivables not impaired		
1 - 30 days	**986,630**	1,525,734
31 - 60 days	**547,264**	628,207
61 - 90 days	**70,647**	71,205
91 days and over	**1,603**	-
	1,606,144	2,225,146

Trade receivables are non-interest bearing.

Movement in provision for impairment		
Balance at the beginning of financial year	**-**	30,000
Amounts written off	**-**	-
Additional impairment provision recognised/(released)	**16,030**	(30,000)
	16,030	-

		CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
10	**INVENTORIES**		
	Stock on hand	**3,057,902**	3,325,701

11 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Property, plant & equipment at cost	**10,079,373**	9,671,215
Less accumulated depreciation	**(4,129,280)**	(3,688,891)
Total plant & equipment	**5,950,093**	5,982,324

Movements in Carrying Amounts	**Property/ Leasehold improvements $**	**Plant & equipment $**	**Motor vehicles $**	**Rental equipment $**	**Total $**
Balance at 1 July 2018	107,050	707,127	491,841	2,313,192	3,619,210
Adjustment on transition of AASB 16	1,381,277	-	-	-	1,381,277
Additions	163,331	134,549	237,714	1,285,573	1,821,167
Depreciation expense	(246,805)	(135,303)	(122,994)	(255,563)	(760,665)
Assets transferred to product development costs	-	-	(14,718)	-	(14,718)
Assets transferred to inventories	-	-	-	(60,362)	(60,362)
Impairment	-	-	-	(3,585)	(3,585)
Carrying amount at 30 June 2019	1,404,853	706,373	591,843	3,279,255	5,982,324
Balance at 1 July 2019	**1,404,853**	**706,373**	**591,843**	**3,279,255**	**5,982,324**
Additions	**3,123**	**48,671**	**-**	**953,950**	**1,005,744**
Depreciation expense	**(253,206)**	**(131,369)**	**(101,154)**	**(369,488)**	**(855,217)**
Disposals	**-**	**(2,836)**	**(122,373)**	**(4,694)**	**(129,903)**
Assets transferred to inventories	**-**	**-**	**-**	**(5,772)**	**(5,772)**
Impairment	**-**	**(47,083)**	**-**	**-**	**(47,083)**
Carrying amount at 30 June 2020	**1,154,770**	**573,756**	**368,316**	**3,853,251**	**5,950,093**

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

2019	**Initial recognition $**	**Additions $**	**Depreciation $**	**Net carrying amount $**
Property	1,381,277	133,425	(227,007)	1,287,695
Plant & equipment	-	30,455	(10,152)	20,303
Total right-of-use assets	1,381,277	163,880	(237,159)	1,307,998

2020	**Net carrying amount b/f $**	**Additions $**	**Depreciation $**	**Net carrying amount $**
Property	**1,287,695**	**-**	**(230,714)**	**1,056,981**
Plant & equipment	**20,303**	**-**	**(10,152)**	**10,151**
Total right-of-use assets	**1,307,998**	**-**	**(240,866)**	**1,067,132**

12 INTANGIBLE ASSETS

	CONSOLIDATED 2020 $	2019 $
Product development costs	**1,559,516**	1,745,821
Less accumulated amortisation	**(576,422)**	(401,280)
	983,094	1,344,541
Website development costs	**56,427**	49,077
Less accumulated amortisation	**(34,137)**	(15,737)
	22,290	33,340
Patents and product approvals	**301,622**	264,350
Less accumulated amortisation	**(34,384)**	-
	267,238	264,350
	1,272,622	1,642,231

Movement in carrying amounts	**Website dev't costs $**	**Patents/ Product approvals $**	**Product dev't costs $**	**Total $**
Balance at 1 July 2018	29,982	195,623	1,213,338	1,438,943
Capitalisation of costs	16,162	68,727	251,813	336,702
Assets transferred from plant & equipment	-	-	14,718	14,718
R&D tax rebate allocation	-	-	(39,110)	(39,110)
Amortisation expense	(12,804)	-	(96,218)	(109,022)
Carrying amount at 30 June 2019	33,340	264,350	1,344,541	1,642,231
Balance at 1 July 2019	**33,340**	**264,350**	**1,344,541**	**1,642,231**
Capitalisation of costs	**7,350**	**37,272**	**38,244**	**82,866**
R&D tax rebate allocation	**-**	**-**	**(224,549)**	**(224,549)**
Amortisation expense	**(18,400)**	**(34,384)**	**(175,142)**	**(227,926)**
Carrying amount at 30 June 2020	**22,290**	**267,238**	**983,094**	**1,272,622**

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.

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2020	**2019**
	$	**$**
Trade payables	**1,556,024**	2,056,581
Accrued expenses	**237,712**	217,105
GST payable	**63,190**	62,580
	1,856,926	2,336,266

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

14 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2020	**2019**
	$	**$**
Current		
Bank loans	**155,347**	79,773
Non-current		
Bank loans	**1,502,934**	1,704,286
	1,658,281	1,784,059

The Group was in compliance with its facility covenants at 30 June 2020.

Financing facilities available	CONSOLIDATED	
At reporting date, the following financing facilities had been negotiated and were available:	**2020** **$**	**2019** **$**
Total facilities:		
- term loan	**1,658,281**	1,784,059
- overdraft	**500,000**	500,000
- bank charge card	**75,000**	75,000
Facilities used at reporting date		
- term loan	**1,658,281**	1,784,059
- overdraft	**-**	-
- bank charge card	**40,000**	54,000
Facilities unused at reporting date		
- overdraft	**500,000**	500,000
- bank charge card	**35,000**	21,000

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.

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

Since the end of the financial year, certain financing facilities have been revised, including the extension of the term loan from maturity in October 2022 to maturity in October 2024. In addition, a new asset finance facility has been negotiated.

15 LEASE LIABILITIES

	CONSOLIDATED 2020 $	2019 $
Current		
Hire purchase	**485,652**	465,035
Right-of-use asset leases	**241,076**	222,724
	726,728	687,759
Non-current		
Hire purchase	**1,046,348**	1,378,730
Right-of-use asset leases	**1,024,741**	1,265,818
	2,071,089	2,644,548

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

	CONSOLIDATED 2020 $	2019 $
Lease liability commitments payable:		
- less than one year	**881,276**	886,491
- later than one year but less than five years	**2,224,972**	2,670,571
- later than five years	**112,738**	380,027
	3,218,986	3,937,089
Less future finance charges	**(421,169)**	(604,782)
Total lease liabilities	**2,797,817**	3,332,307

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:

	2020 $	2019 $
Short-term leases	**-**	30,533
Leases of low value assets	**6,468**	6,468
	6,468	37,001

The Group leases its head office and warehouse facility and other warehouse sites with terms ranging from 3 to 10 years.

The Group leases warehouse plant and equipment with a term of 3 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).

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

16 PROVISIONS

	CONSOLIDATED 2020 $	2019 $
Current		
Employee benefits	**312,593**	487,037
	312,593	487,037
Non-Current		
Employee benefits	**46,991**	17,403
	46,991	17,403

17 EQUITY

Contributed Equity	CONSOLIDATED 2020 $	2019 $
Ordinary shares		
Balance at beginning of period	**5,353,905**	5,353,905
Issued and fully paid	**5,353,905**	5,353,905

Movements in ordinary shares on issue (legal parent)	No. of shares	
Balance at beginning of the period	**36,400,000**	36,400,000
At 30 June	**36,400,000**	36,400,000

There were no ordinary share movements during the year.

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 2020 $	2019 $
Movements in retained earnings are as follows:		
Balance at beginning of period	**1,987,609**	2,110,309
Adjustment from the adoption of AASB 16	**-**	(81,114)
Net profit/(loss) for the year	**521,029**	(41,586)
Balance at 30 June	**2,508,638**	1,987,609

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	
	2020 $	2019 $
Financial Assets		
- Cash and cash equivalents	**1,257,468**	529,231
- Financial assets at fair value through profit & loss	**1,725,092**	2,412,465
Total Financial Assets	**2,982,560**	2,941,696
Financial Liabilities		
- Financial liabilities at amortised cost	**6,313,024**	7,452,632
Total Financial Liabilities	**6,313,024**	7,452,632

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	
2020	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets							
- Cash	**0.58%**	**-**	**1,257,468**	**-**	**-**	**-**	**1,257,468**
- Receivables	**N/A**	**1,725,092**	**-**	**-**	**-**	**-**	**1,725,092**
Total Financial Assets		**1,725,092**	**1,257,468**	**-**	**-**	**-**	**2,982,560**
Financial Liabilities							
- Payables	**N/A**	**1,856,926**	**-**	**-**	**-**	**-**	**1,856,926**
- Bank borrowings	**4.67%**	**-**	**1,658,281**	**-**	**-**	**-**	**1,658,281**
- Lease liabilities	**6.19%**	**-**	**-**	**726,728**	**1,959,271**	**111,818**	**2,797,817**
Total Financial Liabilities		**1,856,926**	**1,658,281**	**726,728**	**1,959,271**	**111,818**	**6,313,024**
2019	**%**	**$**	**$**	**$**	**$**	**$**	**$**
- Cash	1.06%	-	529,231	-	-	-	529,231
- Receivables	N/A	2,412,465	-	-	-	-	2,412,465
Total Financial Assets		2,412,465	529,231	-	-	-	2,941,696
Financial Liabilities							
- Payables	N/A	2,336,266	-	-	-	-	2,336,266
- Bank borrowings	5.05%	-	1,784,059	-	-	-	1,784,059
- Lease liabilities	6.78%	-	-	687,759	2,276,804	367,744	3,332,307
Total Financial Liabilities		2,336,266	1,784,059	687,759	2,276,804	367,744	7,452,632

(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 $16,030 at 30 June 2020 (2019: nil), 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 $72,250 (2019: $71,205).

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
	$	$	$	$
2020				
- Payables	**1,856,926**	**-**	**-**	**1,856,926**
- Bank borrowings	**155,347**	**1,502,934**	**-**	**1,658,281**
- Lease liabilities	**726,728**	**1,959,271**	**111,818**	**2,797,817**
Total Financial Liabilities	**2,739,001**	**3,462,205**	**111,818**	**6,313,024**

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	$	$	$
2019				
- Payables	2,336,266	-	-	2,336,266
- Bank borrowings	79,773	1,704,286	-	1,784,059
- Lease liabilities	687,759	2,276,804	367,744	3,332,307
Total Financial Liabilities	3,103,798	3,981,090	367,744	7,452,632

(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 2020	**$**	**$**
+/-2% in interest rates	+/-33,000	+/-33,000
+/-5c in AUD / USD	+/-298,000	+/-298,000
Year Ended 30 June 2019	$	$
+/-2% in interest rates	+/-35,000	+/-35,000
+/-5c in AUD / USD	+/-160,000	+/-160,000

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 2020	2019
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 and contract labour services from an entity related to Mr D. Hotchkin at normal commercial rates aggregating $220,550 (2019: $92,700), with $59,175 included in Trade payables at 30 June 2020 (2019: $50,939).

During the financial year the Company received professional consulting services from an entity related to Mr D. Hotchkin at normal commercial rates aggregating $6,100 (2019: $9,900), with $3,300 included in Trade payables at 30 June 2020 (2019: $1,430).

21 AUDITORS' REMUNERATION

	2020 $	2019 $
Amounts received or due and receivable by:		
- Current auditors: Grant Thornton, for the audit of the financial report	**73,500**	72,000
Other services (R&D tax rebate): Grant Thornton	**24,100**	11,000

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
Hayden Wallace	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.

	2020 $	2019 $
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	**610,201**	627,494
- Post-employment benefits	**77,576**	72,445
- Long-term employee benefits	**3,662**	3,652
	691,439	703,591

23 PARENT ENTITY DISCLOSURES

	2020 $	2019 $
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	**941,815**	1,222,290

24 SUBSEQUENT EVENTS

Extension and revision of banking facilities

Since the end of the financial year the Company has entered into a revised facility agreement with its financier, Commonwealth Bank of Australia, offering an extended term of an additional two years on the Term loan and a new asset finance facility to enable further growth in the equipment rental portfolio. Refer note 14.

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 2020 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

28 August 2020

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
GPO Box 4736
Melbourne VIC 3008

T +61 3 8320 2222

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 2020, 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 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
Revenue from product sales and services – Note 4	
The total revenues from product sales and services earned by Saferoads Holdings Limited was $16.5 million. The Group derives revenue through the sale of goods and the rendering of services which are performed under a combination of individual agreements and contractual arrangements. Revenue recognition relates to whether the treatment of revenue transactions is appropriately recorded and accounted for. This area is a key audit matter due to the inherent risk associated with revenue recognition.	Our procedures included, amongst others: • Reviewing revenue recognition policies to ensure compliance with AASB 15 *Revenue from contracts with customers*; • Documenting and testing the design effectiveness of internal controls relating to key revenue streams; • Testing a sample of revenue recognised during the year to supporting documentation to verify occurrence; • Performing non-substantive analytical testing on revenue balances; • Assessing the adequacy of the financial statement disclosures.
Going concern (COVID-19) – Note 2 (w)	
The financial statements have been prepared on a going concern basis, as discussed in note 2(w). How governments will respond to COVID-19 will continue to provide a level of uncertainty to the Group. We included the going concern assumption as a key audit matter as it relies on assessing the impact of COVID-19 on the Group's forecast cash flows, which involves a level of management judgement. As at 30 June 2020, the Group had cash of $1.3m and a surplus of current assets to current liability of $3.0m.	In assessing the appropriateness of the going concern assumption used in preparing the financial statements, our procedures included, amongst others: • Obtaining the Group's cash flow forecast model and gaining an understanding of key assumptions and judgements underlying the model; • Understanding the impact COVID-19 is having on recent trading results, and comparing this to cash flow forecasts; • Considering the terms of the loan facilities; • Challenging the reasonableness of the key assumptions, including those driving the cash flows underpinning the analysis; • Performing sensitivity analysis on key assumptions to assess the impact on forecasted cash flows; 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 2020, 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_2020.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 2020.

In our opinion, the Remuneration Report of Saferoads Holdings Limited, for the year ended 30 June 2020 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 28th August 2020