



Released 26 February 2019

## SAFEROADS HOLDINGS LIMITED

### RESULTS FOR ANNOUNCEMENT TO THE MARKET HALF-YEAR ENDED 31 DECEMBER 2018

#### *Highlights for the half*

- Revenue of \$10.3 million, up 28% on previous corresponding period
- Profit before tax of \$288k up 65% on previous corresponding period
- EBITDA\* up by 54% to \$668k, from \$434k\* in previous corresponding period
- Gross margin improvement (both volume and rate)
- Initial regulatory approvals in USA and Australia for the HV2 temporary barrier system, the first stage in realising our past investment in R&D in this product
- Strong operating cashflows reflecting continued optimal working capital management

#### FINANCIAL HEADLINES

\$'000	Six months ending		
	Dec 2018	Dec 2017	Variance %
Revenue	10,329	8,092	+28%
EBITDA*	668	434*	+54%
Depreciation and amortisation	296	241	+23%
Finance costs	84	73	+15%
Profit before tax	288	174	+65%
Gearing (net debt / net debt + equity)	16.0%	19.0%	

\* For comparative purposes, Dec 2017 EBITDA excludes \$54k R&D tax rebate relating to FY2017

#### Enquiries/Additional Information:

David Ashmore, Chairman  
Ph: +61 (3) 5945 6600

#### ABOUT SAFEROADS

Saferoads is an ASX listed company (ASX: SRH) specialising 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, civil construction 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 4D

### Half year report

Name of entity	<b>ABN Reference</b>
<b>SAFEROADS HOLDINGS LIMITED</b>	81 116 668 538

#### 1. Reporting periods

Half year ended (‘current period’)	Half year ended (‘previous corresponding period’)
<b>31 December 2018</b>	31 December 2017

#### 2. Results for announcement to the market

	<b>Current period</b>	Previous corresponding period	% Change increase / (decrease)	Amount (\$) increase / (decrease)
<b>Key information</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
Revenues from continuing activities	<b>10,328,858</b>	8,091,617	28%	2,237,241
Profit from continuing activities after tax attributable to members	<b>288,042</b>	149,879	92%	138,163
Net profit for the period attributable to members	<b>288,042</b>	149,879	92%	138,163
<b>Dividends (distributions)</b>			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
<b>Supplementary comments</b>				
Commentary in respect of the results is provided in the Directors' Report, which forms part of the half-year report ended 31 December 2018.				

### 3. NTA backing

	<b>Current period</b>	Previous corresponding period
Net tangible asset backing per ordinary share (\$)	<b>\$0.14</b>	\$0.13

### 4. Dividends

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



## **SAFEROADS HOLDINGS LIMITED**

### **Directors' Report**

The directors of Saferoads Holdings Limited present their report for the half-year ended 31 December 2018.

#### **DIRECTORS**

The Company's directors in office during the half-year and until the date of this report are:

David Ashmore (Non-Executive Chairman)

Darren Hotchkin (Chief Executive Officer)

David Cleland (Non-Executive)

#### **REVIEW OF OPERATIONS**

The directors are pleased to report a half-year consolidated Profit after tax of \$288,042 compared with \$149,879 for the previous corresponding period ("pcp"), an increase of 92%.

EBITDA\* (Earnings Before Interest, Tax, Depreciation and Amortisation) of \$668,288 (up 54%\* on pcp), was underpinned by improved volumes and margins of our existing product lines, as well as the contribution from another major overseas order for our Ironman™ temporary barriers in USA.

Key points for the half year include;

- Our ongoing investment in our rental business has realised significant revenue growth (up 162% on pcp) as our utilisation levels remain high in meeting increasing demand for our products
- Temporary barrier sales were higher than the pcp, with delivery of a significant order for our Ironman™ Hybrid barriers to a major equipment hire company (the customer's second major order of this product).
- Our solar Public Lighting offering continues to expand with revenue growth up 144% on pcp as a result of providing customers with flexible lighting solutions that are innovative, reliable and affordable
- Internationally, sales more than doubled compared with the pcp, on the back of 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 traffic calming products into New Zealand and Malaysia.
- Sales of our proprietary variable messaging sign (VMS) trailers were up 76% on pcp.
- We secured initial regulatory approvals in both Australia and the United States of our new HV2™ temporary barrier system

*\* For comparative purposes, Dec 2017 EBITDA excludes \$54k R&D tax rebate relating to FY2017*



- We have invested a further \$101,568 into product Research and Development (R&D) and received the Australian government's R&D cash rebate (\$212,414) relating to FY2018 during the half.

Our balance sheet is strong, with cash balances of \$1.4 million at 31 December, on the back of net operating cashflows generated of \$775,206 in the half, reflecting continued optimal working capital management. Our gearing ratio (net debt to net debt plus equity) improved further from 19% in the pcp to 16%, even allowing for additional financing of \$634,539 during the six months, predominantly for direct income generating assets for our growing equipment rental portfolio.

As previously disclosed to the market, we received initial regulatory approvals in the United States and Australia for the HV2™ temporary barrier system during the half, the first stage in realising our past investment in R&D in this product. We have commenced initial commercialisation activities in both markets for this new product and envisage initial sales within the next twelve months.

Our Omnistop™ portable bollard system is gaining interest, here in Australia and the United States, and we are looking to introduce this new product into our equipment rental portfolio to get initial market interest and acceptance.

## OUTLOOK

Looking ahead to the remainder of FY2019, the directors advise that the current level of competition in two of our key markets - barrier sales and on-grid light poles - is intense, with pressure on orders and margins. We therefore advise that our total sales levels may remain at similar levels to the first half. We are however pleased to note that our rental and solar lighting portfolios continue to experience strong growth. We continue to add product to the rental fleet to capitalise on this expanding business.

Shareholders may also have seen recent media articles commenting on our supply of solar lights for the Melbourne Cricket Ground (MCG) sporting precinct with their added feature of monitored CCTV. The continued rollout of these Solar Light/CCTV combinations can make the MCG and other public precincts safer places.

Our international expansion continues with total sales for the FY2019 year substantially up from FY2018. Also we continue to make steady progress with our commercialisation of two key products in the North American market. We have applied for regulatory approval of the HV2™ barrier in all American States and with four states already approved with more to follow. We are continuing to work with American barrier businesses and expect formal arrangements in due course.

There also continues to be very strong interest in our patented freestanding portable Omnistop™ Security Bollard. We will continue to work to commercialise this key product by enhancements to its ease of deployment and the sourcing of the manufacturing resources for it.

Domestically we note that, following the approval of the HV2™ barrier from the National Review Body, we now have formal approval in January 2019 from the NSW regulatory authority. We anticipate other State approvals shortly and we are finalising our manufacturing resources for it.



#### **AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained the attached independence declaration from our auditors, Grant Thornton, in accordance with S307c of the Corporations Act 2001 for the half year ended 31 December 2018.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be "David Ashmore", written in a cursive style.

David Ashmore

Director

26 February 2019

## 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 review of Saferoads Holdings Limited for the half-year ended 31 December 2018. I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Michael Climpson  
Partner – Audit & Assurance

Melbourne, 26 February 2019

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**SAFEROADS HOLDINGS LIMITED**

**ABN 81 116 668 538**

**CONSOLIDATED FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2018**



# SAFEROADS HOLDINGS LIMITED

## Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	CONSOLIDATED	
		December 2018 \$	December 2017 \$
<b>Revenue</b>			
Revenue from product sales and services	2	10,328,858	8,091,617
Cost of direct materials		(6,683,933)	(5,902,464)
Movement in inventories		157,782	651,402
<b>Gross profit</b>		<b>3,802,707</b>	<b>2,840,555</b>
Other income	2	23,082	75,876
Employee benefits		(2,081,137)	(1,704,350)
Occupancy costs		(191,251)	(169,380)
Travel and accommodation costs		(167,460)	(62,652)
IT & communications costs		(69,766)	(71,209)
Motor vehicle costs		(94,146)	(57,538)
Other expenses		(553,741)	(362,983)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>668,288</b>	<b>488,319</b>
Depreciation and amortisation		(296,258)	(241,236)
<b>Earnings before interest and tax (EBIT)</b>		<b>372,030</b>	<b>247,083</b>
Finance costs		(83,988)	(73,440)
<b>Profit before income tax</b>		<b>288,042</b>	<b>173,643</b>
Income tax benefit (expense)		-	(23,764)
<b>Profit after income tax from continuing operations</b>		<b>288,042</b>	<b>149,879</b>
<b>Net profit for the period</b>		<b>288,042</b>	<b>149,879</b>
<b>Net profit attributable to members of parent</b>		<b>288,042</b>	<b>149,879</b>
Total other comprehensive income for the period		-	-
<b>Total comprehensive income attributable to members of the parent</b>		<b>288,042</b>	<b>149,879</b>
<b>Earnings per share (cents per share)</b>			
- basic for profit for the half-year (cents)		0.8	0.4
- diluted for profit for the half-year (cents)		0.8	0.4
- dividends paid per share (cents)		0.0	0.0

*The accompanying notes form part of these financial statements*

# SAFEROADS HOLDINGS LIMITED

## Statement of Financial Position

AS AT 31 DECEMBER 2018

	Notes	CONSOLIDATED	
		December 2018 \$	June 2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,411,239	1,074,808
Trade and other receivables		1,750,062	2,537,306
Inventories		3,230,147	3,072,365
Prepayments		415,058	272,218
<b>Total Current Assets</b>		<b>6,806,506</b>	<b>6,956,697</b>
<b>Non-current Assets</b>			
Property, plant and equipment		4,264,893	3,619,210
Intangible assets		1,501,634	1,438,943
Deferred tax assets		1,254,412	1,254,412
Other non-current assets		17,936	17,935
<b>Total Non-current Assets</b>		<b>7,038,875</b>	<b>6,330,500</b>
<b>TOTAL ASSETS</b>		<b>13,845,381</b>	<b>13,287,197</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		2,579,077	2,648,032
Contract liabilities		48,212	118,128
Interest-bearing loans and borrowings		383,440	305,718
Provisions		469,665	516,486
<b>Total Current Liabilities</b>		<b>3,480,394</b>	<b>3,588,364</b>
<b>Non-current Liabilities</b>			
Interest-bearing loans and borrowings		2,506,643	2,148,487
Provisions		106,088	86,132
<b>Total Non-current Liabilities</b>		<b>2,612,731</b>	<b>2,234,619</b>
<b>TOTAL LIABILITIES</b>		<b>6,093,125</b>	<b>5,822,983</b>
<b>NET ASSETS</b>		<b>7,752,256</b>	<b>7,464,214</b>
<b>EQUITY</b>			
Contributed equity		5,353,905	5,353,905
Retained earnings		2,398,351	2,110,309
<b>TOTAL EQUITY</b>		<b>7,752,256</b>	<b>7,464,214</b>

*The accompanying notes form part of these financial statements*

# SAFEROADS HOLDINGS LIMITED

## Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED	Contributed Equity \$	Retained Earnings \$	Total Equity \$
At 1 July 2017	5,353,905	1,400,617	6,754,522
Net profit for the period	-	149,879	149,879
At 31 December 2017	5,353,905	1,550,496	6,904,401
At 1 July 2018	5,353,905	2,110,309	7,464,214
Net profit for the period	-	288,042	288,042
At 31 December 2018	5,353,905	2,398,351	7,752,256

*The accompanying notes form part of these financial statements*

# SAFEROADS HOLDINGS LIMITED

## Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	CONSOLIDATED	
		December 2018 \$	December 2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		11,863,309	9,700,310
Payments to suppliers and employees		(11,088,103)	(9,269,653)
<b>Net cash flows from operating activities</b>	4	<b>775,206</b>	<b>430,657</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	8,979
Purchase of property, plant and equipment		(268,525)	(29,997)
Product development costs		(101,568)	(394,535)
R&D tax rebate received		212,414	281,630
<b>Net cash flows from investing activities</b>		<b>(157,679)</b>	<b>(133,923)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(198,661)	(202,779)
Interest received		1,554	473
Interest paid		(83,989)	(75,360)
<b>Net cash flows from financing activities</b>		<b>(281,096)</b>	<b>(277,666)</b>
Net increase/(decrease) in cash and cash equivalents		336,431	19,068
Cash and cash equivalents at beginning of period		1,074,808	665,915
<b>Cash and cash equivalents at end of period</b>	4	<b>1,411,239</b>	<b>684,983</b>

*The accompanying notes form part of these financial statements*

# SAFEROADS HOLDINGS LIMITED

## Notes to the Financial Statements

FOR THE HALF YEAR-ENDED 31 DECEMBER 2018

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### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation of the half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore does not provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is therefore recommended that the half-year financial report should be read in conjunction with the annual Financial Report of Saferoads Holdings Limited as at 30 June 2018, together with any public announcements made by Saferoads Holdings Limited and its controlled entities during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX listing rules.

The consolidated financial statements comprise the financial statements of the parent entity, Saferoads Holdings Limited and its subsidiaries ('the Group').

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Accounting Standards including *AASB 134 - Interim Financial Reporting*. Compliance with *AASB 134* ensures that the financial statements and notes comply with International Financial Reporting Standard *IAS 34 - Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report has been prepared on a historical cost basis.

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### (b) New Accounting Standards

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group.

##### **AASB 15 - Revenue from contracts with customers**

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

While this represents significant new guidance, the implementation of this new guidance had no impact on the timing or amount of revenue recognised by the Group during the half year. The adoption of AASB 15 had no impact on the Group's statement of cash flows.

##### **AASB 9 - Financial Instruments**

AASB 9 *Financial Instruments* replaces AASB 109 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The adoption of AASB 9 has impacted the following areas:

##### Impairment of financial assets

For trade receivables and contract assets under AASB 15 the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. There was no change to impairment allowance at 1 July 2018.

**SAFEROADS HOLDINGS LIMITED**  
**Notes to the Financial Statements**  
**FOR THE HALF YEAR-ENDED 31 DECEMBER 2018**

**(c) Significant Accounting Policies**

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018 and the corresponding interim reporting period, except as described below.

Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became effective for periods beginning on or after 1 July 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the half year ended 31 December 2018. Changes to the Group's accounting policies arising from these standards are not material.

**Revenue**

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.

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, or where the customer has explicitly requested that the goods be held on their behalf.

Revenue from the provision of services is recognised over time, when the Group satisfies performance obligations by transferring the promised services to its customers and the customer simultaneously receives and consumes the benefits provided.

**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.

**2 REVENUES**

Profit before income tax includes the following revenues whose disclosure is relevant in explaining the performance of the entity:

	<b>CONSOLIDATED</b>	
	<b>December 2018 \$</b>	<b>December 2017 \$</b>
<b>(i) Revenue</b>		
Revenue from product sales - point in time	<b>9,263,804</b>	7,686,361
Revenue from provision of services - over time	<b>1,065,054</b>	405,256
	<b>10,328,858</b>	8,091,617
<b>(ii) Other income</b>		
Interest	<b>1,554</b>	473
Export market development grant	<b>20,348</b>	-
R&D tax rebate	-	54,629
Net gain/(loss) on sale of assets	-	2,683
Other	<b>1,180</b>	18,091
	<b>23,082</b>	75,876

**SAFEROADS HOLDINGS LIMITED**  
**Notes to the Financial Statements**  
**FOR THE HALF YEAR-ENDED 31 DECEMBER 2018**

**3 SEGMENT REPORTING**

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.

**4 ADDITIONAL CASH FLOW INFORMATION**

**a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:

	<b>CONSOLIDATED</b>	
	<b>December 2018</b>	<b>December 2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	<b>1,411,239</b>	684,983
<b>b) Reconciliation from net profit after tax to the net cash flows from operations</b>		
Profit after tax for the period	<b>288,042</b>	149,879
Adjustments for:		
Depreciation and amortisation	<b>296,258</b>	241,236
Net (profit)/loss on disposal of plant and equipment	-	(2,683)
Interest received	<b>(1,554)</b>	(473)
Interest paid	<b>83,989</b>	75,360
Changes in assets and liabilities:		
(Increase)/decrease in receivables	<b>574,830</b>	665,170
(Increase)/decrease in inventories	<b>(157,782)</b>	(651,402)
(Increase)/decrease in other assets	<b>(142,841)</b>	(450,768)
(Increase)/decrease in deferred tax assets	-	23,764
(Decrease)/increase in payables	<b>(68,955)</b>	311,054
(Decrease)/increase in unearned income	<b>(69,916)</b>	16,354
(Decrease)/increase in provisions	<b>(26,865)</b>	53,166
<b>Net cash from operating activities</b>	<b>775,206</b>	430,657

**c) Non-cash financing and investing activities**

During the half-year, the Group acquired property, plant and equipment with an aggregate value of \$634,539 (December 2017: \$136,898) by means of finance leases.

**5 CONTINGENT ASSETS AND LIABILITIES**

There are no contingent assets or liabilities as at 31 December 2018.

**6 EVENTS AFTER THE END OF THE INTERIM PERIOD**

There has been no matter or circumstance, which has arisen since 31 December 2018 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

## Directors' Declaration

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In accordance with a resolution of the directors of Saferoads Holdings Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) complying with Accounting Standard *AASB 134 - Interim Financial Reporting*; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'David Ashmore', with a long horizontal line extending to the right.

**David Ashmore**  
**Director**

26 February 2019



# Independent Auditor's Review Report

## To the Members of Saferoads Holdings Limited

### Report on the review of the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of Saferoads Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2018, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Saferoads Holdings Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.


#### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Saferoads Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Michael Climpson  
Partner – Audit & Assurance

Melbourne, 26 February 2019