



**TRAFFIC TECHNOLOGIES LTD  
AND CONTROLLED ENTITIES  
ABN 21 080 415 407**

**HALF-YEAR FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017  
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A**

***This half-year financial report is to be read in conjunction with the  
financial report for the year ended 30 June 2017***

**TRAFFIC TECHNOLOGIES LTD**  
**("TTI")**  
**(ABN 21 080 415 407)**

**Appendix 4D**

**Half-year financial report**  
**Period ended 31 December 2017**  
**(Comparative period: period ended 31 December 2016)**

***Results for announcement to the market***

1. Results				
			%	A\$'000
Revenues from ordinary activities	Up	25%	to	28,139
Earnings before interest and tax	Up	50%	to	1,497
Profit/loss after tax attributable to members	Up	372%	to	717
Net profit/loss from ordinary activities after tax attributable to members	Up	372%	to	717
For commentary on the results for the period and review of operations, refer to Directors' Report.				
2. Dividends	Amount per security		Franked amount per security	
Interim dividend	Nil		Nil	
Previous corresponding period: Interim dividend	Nil		Nil	
Record date for determining entitlements to the dividend	N/A			

### 3. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	-3.4 ¢	-3.8 ¢

### 4. Details of entities over which control has been gained or lost during the period:

#### Control gained over entities

Name of entities	N/A	
Date(s) of gain of control	N/A	
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired	N/A	

#### Control lost over entities

Name of entities	N/A
Date(s) of loss of control	N/A

### 5. Details of individual and total dividends or distributions and dividend or distribution payments

No interim dividend has been declared in respect of the half-year ended 31 December 2017 (2016: Nil). Total dividend Nil (2016: Nil).

### 6. Details of any dividend or distribution reinvestment plans in operation

The Company has adopted a Dividend Reinvestment Plan (DRP) to provide shareholders with the opportunity to reinvest their dividends in ordinary shares in the Company free of brokerage, commissions and other transaction costs. The DRP is governed by the DRP rules. Subject to the DRP rules, participation is open to shareholders with registered addresses in Australian and New Zealand. Participation can be full or partial and can be varied or cancelled at any time. If a shareholder elects to participate in the DRP, the dividend otherwise payable on the shareholder's ordinary shares participating in the DRP will be reinvested in ordinary shares in the Company. These shares will either be issued to the shareholder or acquired on-market and transferred to the shareholder. Shares may be allocated at a discount to the market price of the shares. The Directors will determine a discount of up to 10% for each dividend declared.

## **7. Details of associates and joint venture entities**

<b>Name of associate / joint venture</b>	<b>%</b>	<b>Securities held</b>
N/A		N/A

## **8. Financial reporting framework**

The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached), which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

## **9. Independent review of the financial report**

The half-year financial report has been independently reviewed and is not subject to a qualified independent review conclusion.



**TRAFFIC TECHNOLOGIES LTD  
AND CONTROLLED ENTITIES  
ABN 21 080 415 407**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2017**

*This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017.*

**TRAFFIC TECHNOLOGIES LTD**  
**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2017**

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# **Traffic Technologies Ltd**

## **Financial Report for the half-year ended 31 December 2017**

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### **CORPORATE INFORMATION**

This financial report covers Traffic Technologies Ltd (ABN 21 080 415 407) (the Company) and its subsidiaries (the Group) for the half-year ended 31 December 2017. The Group's functional and presentation currency is AUD (\$). A description of the Group's operations and principal activities is included in the Operating and Financial Review section within the Directors' Report.

#### **Directors**

Mr. Garry Lowrey  
Mr. Con Liosatos  
Mr. Mark Hardgrave

#### **Company Secretary & Chief Financial Officer**

Mr. Peter Crafter

#### **Registered Office & Principal Place of Business**

Traffic Technologies Ltd  
31 Brisbane Street  
Eltham VIC 3095

#### **Share Register**

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnson Street  
Abbotsford VIC 3067  
Tel: 1300 850 505

Traffic Technologies Ltd shares are listed on the Australian Securities Exchange ("TTI").

#### **Lawyers**

K&L Gates  
Level 25  
525 Collins Street  
Melbourne VIC 3000

#### **Bankers**

Westpac Banking Corporation  
Level 6  
150 Collins Street  
Melbourne VIC 3000

#### **Auditors**

ShineWing Australia  
Level 10  
530 Collins Street  
Melbourne VIC 3000

# **Traffic Technologies Ltd**

## **Half-year Financial Report**

### **Directors' Report for the half-year ended 31 December 2017**

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The Directors of Traffic Technologies Ltd (the Company) present their financial report for the half-year ended 31 December 2017 in order to comply with the provisions of the Corporations Act 2001:

#### **DIRECTORS**

The names of the Group's Directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr. Garry Lowrey BBus MAppFin CA (Non-Executive Chairman)

Mr. Con Liosatos MAICD (Managing Director)

Mr. Mark Hardgrave B Com ACA MAICD (Non-Executive Director)

#### **ROUNDING**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 2017/191. The Company is an entity to which the Class Order applies.

#### **OPERATING AND FINANCIAL REVIEW**

##### **Operations**

Traffic Technologies is Australia's premier traffic solutions company. Established in 2004 and listed on ASX in 2005, the Company's head office is in Eltham, Victoria with offices in all States of Australia and England.

The Group specialises in the design, manufacture and installation of traffic signals, traffic controllers, pedestrian countdown timers, electronic road signs, emergency telephones, portable roadside technology, directional and regulatory traffic signs and traffic control products to road traffic authorities, municipal councils and construction companies along with LED street and road lighting products, "Smart City" platforms and IoT sensors.

The Group, through its subsidiary, Aldridge Traffic Systems, has been the major participant in the traffic signals market in Australia for 50 years where customers are mainly state road authorities or contractors building or maintaining traffic intersections for state road authorities. The Group exports its traffic signals and associated products such as pedestrian countdown timers and emergency telephones to an increasing number of international customers.

The Group, through its subsidiary, Quick Turn Circuits Pty Ltd (QTC), is involved in the manufacture of traffic controllers and emergency telephone systems. A traffic controller is an automated device that regulates the sequencing and timing of traffic signals by monitoring vehicular and pedestrian demands and adjusting to meet these requirements. The controller has the ability to allow co-ordination of traffic flows between adjacent intersections when connected to a co-ordinated adaptive traffic system.

The Group is a key supplier to the road signage market through its seven offices across Australia. Customers include State Road Authorities, local councils and construction companies. The Group's Signage products are distributed from depots around Australia with manufacturing focused in Victoria, Western Australia and the Northern Territory.



# **Traffic Technologies Ltd**

## **Half-year Financial Report**

### **Directors' Report for the half-year ended 31 December 2017**

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#### **Financial Performance**

The Company achieved a significantly improved result in the first half compared to the previous corresponding period last year. Revenue increased by 25%, EBIT by 50% and NPAT by 372%. The improved results demonstrate the effectiveness of the diversification program announced at the Company's AGM held in November 2017.

The Company's diversification program has transformed its business by de-risking its revenue by expanding into "Smart City" platforms, IoT systems and maintenance and installation contracts along with securing long term supply contracts across the country. In particular, the roll out of the Company's proprietary "Smart City" software "TST" across the east coast will enable road authorities, councils and power companies to fully utilise and maintain critical assets in real time. The Company is also continuing to benefit from the supply of LED road and street lights across the country.

Revenue for the half-year ended 31 December 2017 was \$28.1m (2016: \$22.6m). Earnings before Interest and Tax (EBIT) were \$1.5m (2016: \$1.0m), reflecting the improvement in the first half compared to the previous corresponding period. The first half result was after taking into account one-off costs of \$0.2m comprising restructuring costs and other non-recurring expenditure. EBIT before one-off costs was \$1.7m.

Net Profit after Tax (NPAT) was a profit of \$0.7m (2016: \$0.2m). Depreciation and amortisation expense was \$0.9m (2016: \$1.0m). Finance costs were \$0.8m (2016: \$0.7m). The Group's income tax expense was \$29,000 (2016: expense \$0.1m). The Group continues to benefit from prior period tax losses. Earnings per share (EPS) were 0.26 cents, (2016: 0.06 cents).

#### **Financial Position**

Net assets were \$8.8m at 31 December 2017, compared to \$8.1m at 30 June 2017, reflecting the net profit for the period.

Receivables were \$8.1m at 31 December 2017, compared to \$10.2m at 30 June 2017. Payables were \$10.0m at 31 December 2017, compared to \$10.3m at 30 June 2017. Inventory was \$15.1m at 31 December 2017, compared to \$13.2m at 30 June 2017. Property, plant and equipment was \$1.2m at 31 December 2017, compared to \$1.3m at 30 June 2017.

The Group had \$10.6m of goodwill and \$7.6m of intangible assets at 31 December 2017, mainly comprising development costs and type approval certification associated with the development of its traffic signals, traffic controllers, pedestrian countdown timers, electronic road signs, emergency telephones, portable roadside technology and street lighting products.

Net debt was \$21.0m at 31 December 2017, compared to \$21.8m at 30 June 2017. The Group's term debt facility was \$17.2m and the working capital facility was \$7.0m at 31 December 2017. During the period the Group reduced net debt by \$0.8m. The Company's debt facilities have been extended to 1 April 2019.

Net operating cash inflows were \$1.9m for the period (2016: \$2.7m). Net investing cash outflow was \$1.1m (2016: \$0.9m). Net financing cash outflow was \$0.1m (2016: outflow \$1.6m).

#### **Business Strategies and Prospects**

The Group has diversified its earnings base, both in terms of products and markets and this is expected to provide further growth opportunities in the year ahead. The Group's product range has been extended with commercialisation of a range of LED road and street lights, as well as a range of ITS products in the electronic signage area and an increased focus on innovative traffic signal products such as pedestrian countdown timers, signal safety products and control systems. The diversification program has led to de-risking of the Group's revenue stream which has been further assisted by the securing of long term supply contracts and orders.

# **Traffic Technologies Ltd**

## **Half-year Financial Report**

### **Directors' Report for the half-year ended 31 December 2017**

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An important growth area is the Group's range of LED street and road lights. The Group's LED street lights are significantly more energy efficient than conventional street lights and represents an attractive opportunity for state road authorities, local councils and other customers to make significant savings in their power bills and maintenance costs in a time of rising electricity prices.

The Group has continued with its research and development programs to ensure that we remain market leaders in a global traffic industry which demands energy efficient products and increasingly innovative solutions. The Group has developed a range of new products in the Intelligent Transport Systems (ITS) sector, including school speed zone signs, variable message signs and various electronic signs which have now been commercialised.

The Group's product and services range has been extended to include software platforms for "Smart City" and "IoT" applications and a range of ITS products for use in Smart City applications. With the deployment of over 12,000 sensors on the Group's proprietary "Smart City" platform "TST" to date across Victoria, NSW and Queensland, the Company expects this to be a significant growth area for the Group in the years ahead as key drivers for Smart Cities are operational efficiency/cost reduction, environmental sustainability, improved city management, and infrastructure resilience.

The Group has retained its position as the dominant supplier of traffic signals to the Australian market. The Group has continued to develop innovative traffic signal products, such as the "Central Light Source" traffic signal along with pedestrian countdown timers, which utilise the latest LED technology and software which has been supplied to customers in a number of states of Australia, together with New Zealand and the United Kingdom.

The Group has continued its initiatives to develop and grow its export markets including the UK, New Zealand, Asia, the Middle East and South America. The Group's controller products in particular are continuing to win significant export contracts. Sales continue to grow and new contracts and orders have come from countries and regions across Asia, Middle East and South America and have opened potential new future export markets for the Group's other products such as traffic signals and electronic signage.

The Group continues to be one of the main suppliers of road signs to the Australian market. Signage products continue to contribute to profits, benefitting from a continued focus by management and staff on cost control and factory efficiency combined with a focus on quality, service and reliability which has become the benchmark in a highly competitive market.

With the initiatives mentioned above, along with term contracts secured by the Company and recently awarded projects, the Company has made a solid start to the second half which should see the benefits follow through to the full year 30 June 2018.

Key objectives of the Company for the second half of 2018 are:

- The continued focus on the diversification of revenue.
- The continued roll out of its "Smart City" platform along with "IoT" applications.
- The restructure of the balance sheet to appropriate gearing levels for a business of its size.

Although the Company is not yet in a position to issue earnings guidance for the full financial year to 30 June 2018, it expects to see a positive contribution in the second half from the above initiatives.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Directors' Report for the half-year ended 31 December 2017**

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**Material Business Risks**

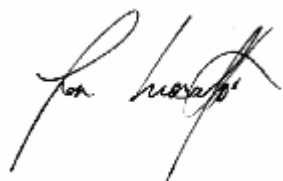
The material business risks faced by the Group that could have a significant impact on the financial prospects of the Group and how the Group manages these risks include:

- Changes in Federal or State government expenditure on road infrastructure – the Group maintains regular contact with state road authorities to ensure that it can plan the resources required for major projects as far ahead as possible or allow for the deferral of major projects in times of economic slowdown.
- Adverse change in economic conditions affecting demand for the Group's products or services – the Group plans as far ahead as possible to adjust its cost base in times of economic uncertainty.
- Technological obsolescence – the Group works closely with road traffic authorities and incurs significant amounts of research and development expenditure to ensure that its products are state-of-the-art and competitive.
- Foreign exchange risk - a decrease in the Australian dollar exchange rate can affect import prices: the Group purchases components from a number of Asian countries denominated in US dollars. Conversely, an increase in the Australian dollar exchange rate can affect export opportunities: the Group sells its products to a number of countries around the world.
- General inflation risk, including labour costs – the Group constantly monitors its cost base and implements cost savings and operating efficiencies where possible.
- Availability of banking facilities – the Group is reliant on the continued availability of its banking facilities in order to conduct its operations. The Group ensures compliance with its facility agreements and negotiates extensions to its banking facilities when required.
- Competition – the Group maintains its competitive position by investing in research and development to ensure its products are state-of the-art and by ensuring its products are priced competitively.
- Cyber Security – the Group has been addressing cyber security as part of its risk management strategy in the light of recent well-publicised breaches and increased risk in this area.
- Climate Change – the Group is not significantly exposed to climate change issues unless a Carbon Tax is reintroduced. A significant number of the Group's products use LED technology which is energy saving and reduces greenhouse gas emissions.

**AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration from our auditors, ShineWing Australia, which immediately follows the 31 December 2017 Review Conclusion.

Signed in accordance with a resolution of the Directors made pursuant to s.306 (3) of the Corporations Act 2001.



Con Liosatos  
Managing Director

Melbourne, 21 February 2018

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income for**  
**the half-year ended 31 December 2017**

	<b>Half-Year to 31 Dec 2017 \$'000</b>	<b>Half-Year to 31 Dec 2016 \$'000</b>
Revenue from continuing operations	<b>28,139</b>	22,592
Other income	<b>58</b>	301
Changes in inventories of finished goods and work in progress	<b>1,845</b>	927
Raw materials and consumables used	<b>(17,873)</b>	(13,053)
Employee benefits expense	<b>(7,506)</b>	(6,897)
Occupancy costs	<b>(996)</b>	(936)
Advertising and marketing expense	<b>(105)</b>	(168)
Other expenses	<b>(1,197)</b>	(779)
Depreciation and amortisation expenses	<b>(868)</b>	(987)
<b>Earnings before interest and tax (EBIT)</b>	<b>1,497</b>	1,000
Finance costs	<b>(751)</b>	(748)
<b>Profit for the period before income tax expense</b>	<b>746</b>	252
Income tax expense	<b>(29)</b>	(100)
<b>Net profit for the period</b>	<b>717</b>	152
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	-
<b>Total comprehensive income for the period</b>	<b>717</b>	152
<b><i>Profit/(Loss) per share</i></b>	<b>Cents</b>	<b>Cents</b>
- Basic earnings per share	<b>0.26</b>	0.06
- Diluted earnings per share	<b>0.26</b>	0.06

*The Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.*

**Traffic Technologies Ltd**  
**Half-year financial report**  
**Consolidated Statement of Financial Position as at 31 December 2017**

	Note	31 Dec 2017 \$'000	30 Jun 2017 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,386	660
Trade and other receivables		8,063	10,236
Inventories		15,054	13,210
<b>Total Current Assets</b>		<b>24,503</b>	24,106
<b>Non-Current Assets</b>			
Property, plant and equipment		1,190	1,265
Goodwill	4	10,554	10,554
Intangible assets		7,576	7,229
Deferred tax assets		116	145
<b>Total Non-Current Assets</b>		<b>19,436</b>	19,193
<b>TOTAL ASSETS</b>		<b>43,939</b>	43,299
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		10,026	10,298
Interest-bearing liabilities	3	4,991	5,062
Provisions		2,457	2,388
<b>Total Current Liabilities</b>		<b>17,474</b>	17,748
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	3	17,377	17,354
Provisions		272	98
<b>Total Non-Current Liabilities</b>		<b>17,649</b>	17,452
<b>TOTAL LIABILITIES</b>		<b>35,123</b>	35,200
<b>NET ASSETS</b>		<b>8,816</b>	8,099
<b>EQUITY</b>			
Contributed equity	5	49,029	49,029
Accumulated losses		(40,213)	(41,930)
Share based payment reserve		-	1,000
<b>TOTAL EQUITY</b>		<b>8,816</b>	8,099

*The Statement of Financial Position should be read in conjunction with the notes to the financial statements.*

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Consolidated Statement of Changes in Equity for the half-year ended 31 December 2017**

	Ordinary Shares	Share-based payment reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2016</b>	<b>49,029</b>	<b>1,000</b>	<b>(42,941)</b>	<b>7,088</b>
Profit for the period	-	-	152	152
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>152</b>	<b>152</b>
<b>At 31 December 2016</b>	<b>49,029</b>	<b>1,000</b>	<b>(42,789)</b>	<b>7,240</b>
<b>At 1 July 2017</b>	<b>49,029</b>	<b>1,000</b>	<b>(41,930)</b>	<b>8,099</b>
Profit for the period	-	-	717	717
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>717</b>	<b>717</b>
Transfer share-based payment reserve	-	(1,000)	1,000	-
<b>At 31 December 2017</b>	<b>49,029</b>	<b>-</b>	<b>(40,213)</b>	<b>8,816</b>

*The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.*

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Consolidated Statement of Cash Flows for the half-year ended 31 December**  
**2017**

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	<b>Half-Year to 31 Dec 2017 Inflows / (Outflows) \$'000</b>	<b>Half-Year to 31 Dec 2016 Inflows / (Outflows) \$'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	<b>32,610</b>	28,681
Payments to suppliers and employees	<b>(29,945)</b>	(25,328)
Interest and other costs of finance paid	<b>(751)</b>	(625)
Net cash provided by operating activities	<b>1,914</b>	2,728
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment of development costs	<b>(887)</b>	(796)
Purchase of property, plant and equipment	<b>(22)</b>	(8)
Purchase of intangible assets	<b>(147)</b>	(99)
Net cash used in investing activities	<b>(1,056)</b>	(903)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	<b>1,288</b>	-
Repayment of borrowings	<b>(1,420)</b>	(1,626)
Net cash used in financing activities	<b>(132)</b>	(1,626)
<b>Net increase in cash and cash equivalents</b>	<b>726</b>	199
Cash and cash equivalents at beginning of the period	<b>660</b>	1,186
<b>Cash and cash equivalents at end of the period</b>	<b>1,386</b>	1,385

*The Statement of Cash Flows should be read in conjunction with the notes to the financial statements.*

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended 31**  
**December 2017**

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**1. CORPORATE INFORMATION**

The financial report of Traffic Technologies Ltd (the Company) and its subsidiaries (the Group) for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of directors on 21 February 2018. Traffic Technologies Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Operating and Financial Review section within the Directors' Report. The amounts contained in the notes to the financial statements have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 2017/191. The Company is an entity to which the Class Order applies. The financial report is presented in Australian dollars (AUD). For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**a) Basis of preparation**

This general purpose condensed financial report for the half-year ended 31 December 2017 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. This half-year financial report does not include all the notes of the type usually included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full year financial report. It is recommended that the half-year financial report be considered together with the annual report for the year ended 30 June 2017 and any public announcements made by Traffic Technologies Ltd during the half-year ended 31 December 2017 and subsequently to 21 February 2018, in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

**b) Significant accounting policies**

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

**3. INTEREST-BEARING LOANS AND BORROWINGS**

In November 2017 Westpac Banking Corporation extended the repayment date for the Company's debt to 1 April 2019. The Company's term debt facility was \$17.2m at 31 December 2017 (2016: \$17.5m) and the working capital facility was \$7.0m at 31 December 2017 (2016: \$6.1m).

**4. IMPAIRMENT OF GOODWILL**

The Directors have considered impairment with respect to the Group's goodwill in accordance with AASB 134 *Interim Financial Reporting* and are satisfied that goodwill is not impaired at balance date.

**5. CONTRIBUTED EQUITY**

	Number of Shares (‘000)	\$'000
<b>Movement in ordinary shares</b>		
At 1 July 2017	275,557	49,029
<b>At 31 December 2017</b>	<b>275,557</b>	<b>49,029</b>



**6. EVENTS AFTER BALANCE DATE**

Subsequent to balance date there have been no significant events which have affected the operations of the Group.

**7. COMMITMENTS AND CONTINGENCIES**

There have been no material changes to the commitments and contingent liabilities disclosed in the 30 June 2017 annual financial report.

**8. SEGMENT INFORMATION**

The Group has only one business segment: Traffic Products. The Group's chief operating decision maker (the Managing Director) reviews financial information on a consolidated basis and makes strategic decisions based on this consolidated information.

**DIRECTORS' DECLARATION**

The directors of the Company state:

- a) the financial statements, comprising the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, of the Group are in accordance with the Corporations Act 2001, and:
  - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
  - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Con Liosatos  
Managing Director

Melbourne, 21 February 2018

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRAFFIC TECHNOLOGIES LIMITED**

### **Report on the Half-Year Financial Report**

#### *Conclusion*

We have reviewed the half-year financial report of Traffic Technologies Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes to the financial statements and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 : *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *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 Responsibilities for the Review of the Half-Year Financial Report*

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 Traffic Technologies Limited's financial position as at 31 December 2017 and its financial 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 Traffic Technologies 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*.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants



Rami Eltchelebi  
Partner

Melbourne, 21 February 2018

**Auditor's Independence Declaration under Section 307C of the Corporations Act  
2001 to the directors of Traffic Technologies Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants

*Rami Eltchelebi*

Rami Eltchelebi  
Partner

Melbourne, 21 February 2018