



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

**HALF-YEAR FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015  
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 2015***

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

**Appendix 4D**

**Half-year financial report**  
**Period ended 31 December 2015**  
**(Comparative period: period ended 31 December 2014)**

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

1. Results				
		%		A\$'000
Revenues from ordinary activities	Down	7%	to	21,092
Earnings before interest and tax	Down	85%	to	95
Loss after tax attributable to members	Down	341%	to	(953)
Net loss from ordinary activities after tax attributable to members	Down	341%	to	(953)
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	-3.7 ¢	-3.6 ¢

### 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 2015 (2014: Nil). Total dividend Nil (2014: 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.



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technologies.ltd

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

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2015**

*This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2015.*

**TRAFFIC TECHNOLOGIES LTD**  
**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2015**

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# **Traffic Technologies Ltd**

## **Financial report for the half-year ended 31 December 2015**

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### **CORPORATE INFORMATION**

This financial report covers the Group comprising Traffic Technologies Ltd (ABN 21 080 415 407) (the Company) and its subsidiaries for the half-year ended 31 December 2015. 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 (appointed 24 November 2015)  
Mr. Con Liosatos  
Mr. Alan Brown  
Mr. Mark Hardgrave  
Mr. Ken Daley

#### **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 Pty Ltd  
Level 10  
530 Collins Street  
Melbourne VIC 3000

# **Traffic Technologies Ltd**

## **Half-year financial report**

### **Directors' report for the half-year ended 31 December 2015**

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The Directors of Traffic Technologies Ltd (the Company) present their financial report for the half-year ended 31 December 2015 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) (appointed 24 November 2015)

Mr. Con Liosatos MAICD (Managing Director)

Mr. Alan Brown FAICD (Non-Executive Director)

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

Mr. Ken Daley M.Eng.Sci (Transport) FIEAUST (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 98/0100. 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 and road lighting products and provides a wide range of directional and regulatory traffic signs and traffic control products to road traffic authorities, municipal councils and construction companies.

The Group, through its subsidiary, Aldridge Traffic Systems, has been the major participant in the traffic signals market in Australia for over 40 years where customers are mainly State Road Authorities or contractors building or maintaining traffic intersections for State Road Authorities. The Group's key manufacturing facility for traffic signals, lighting and Intelligent Transport Systems (ITS) equipment is based in Rhodes, New South Wales. 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 Company, through its subsidiary, Quick Turn Circuits Pty Ltd (QTC), is involved in the manufacture of traffic controllers. 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. QTC's traffic controller is based on the Sydney Coordinated Adaptive Traffic System (known as SCATS) which is used and operated in 27 countries and 37,000 intersections worldwide.

The Group is a key supplier to the road signage market through our seven offices across Australia. Customers include State Road Authorities, local councils and construction companies. The Signage business has 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 2015**

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**Financial Performance**

Trading conditions in the first half of the 2016 financial year have been challenging and have been affected by weak economic conditions, lack of government expenditure on infrastructure, a low Australian dollar that has led to higher import prices and delays in securing approvals for new technology which has resulted in project delays. Even though Q1 started above expectations the nature of the Group's business is that contract revenue is lumpy, reflects seasonal factors and is often affected by matters outside the Group's control (such as economic activity, the political climate and infrastructure spending by government authorities).

Revenue for the half-year ended 31 December 2015 was \$21.1m (2014: \$22.6m), a decrease of 7% compared to the previous corresponding period. Earnings before Interest and Tax (EBIT) were \$0.1m (2014: \$0.6m), reflecting weaker trading conditions in the first half. The first half result included one-off costs of \$0.6m, associated with a restructure and other non-recurring expenditure. EBIT before one-off costs was \$0.7m.

Net Profit after Tax (NPAT) was a loss of \$0.95m (2014: loss \$0.2m). Depreciation and amortisation expense was \$1.0m (2014: \$1.2m). Finance costs were \$0.8m, (2014: \$1.0m). The Group's income tax expense was \$0.2m (2014: benefit \$0.1m). The Group continues to benefit from prior period tax losses. Earnings per share (EPS) were a loss of 0.35 cents, (2014: loss 0.08 cents).

Although the Company is not yet in a position to issue earnings guidance for the full year to 30 June 2016, the second half result is expected to benefit from contracts recently awarded to the Group, including further traffic signal upgrade projects, further sales of LED road lights and electronic signs and further export sales as well as savings from the Group's profit improvement program involving cost savings, manufacturing efficiencies and other structural improvements.

**Financial Position**

Net assets were \$28.4m at 31 December 2015, compared to \$29.3m at 30 June 2015.

Receivables were \$7.8m compared to \$9.2m at 30 June 2015 whilst payables were \$6.1m compared to \$6.7m at 30 June 2015.

Inventory was \$11.1m compared to \$10.6m at 30 June 2015.

Property, plant and equipment was \$1.8m compared to \$1.9m at 30 June 2015.

The Group has \$30.6m of goodwill and \$6.6m of intangible assets mainly comprising development costs and type approval certification mainly associated with the development of its traffic signals, traffic controllers, pedestrian countdown timers, electronic road signs, emergency telephones, portable roadside technology and road lighting products.

Net debt was \$22.6m at 31 December 2015. The Group's term debt facility was \$17.5m and the working capital facility was \$7.4m at 31 December 2015. Subsequent to reporting date, on 18 February 2016, the Group refinanced the loan facility to extend to 1 March 2017.

Net operating cash inflows were \$0.3m for the period (2014: \$0.7m). Net investing cash outflow was \$1.0m (2014: \$1.2m). Net financing cash inflow was \$1.3m (2014: \$0.7m).

# **Traffic Technologies Ltd**

## **Half-year financial report**

### **Directors' report for the half-year ended 31 December 2015**

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

The Group is committed to maintaining its predominant position as the leading supplier of traffic intersection products to the Australasian market and works closely with road traffic authorities ensuring that its products are state-of-the-art and competitive. In addition to its core business of supplying traffic signals for new intersections and maintenance across Australasia, the Group will continue to be involved in supplying traffic signals for upgrade projects in States and Territories where previous generation traffic signals are upgraded by State road authorities to the latest technology.

The upgrade of traffic signals in New South Wales to LED technology was completed in the early part of the 2016 financial year and the Company has been awarded a contract by Brisbane City Council for the supply of traffic signals over a period up to five years. There are a number of other traffic signal upgrade opportunities in Australia with approximately 20% of the market not yet converted to LED. In addition, further opportunities will be presented in Australia because LED traffic signals that were installed over the past 14 years are coming to the end of their useful life and they will also need to be replaced or upgraded.

The Group is continuing to develop its road lighting business and has developed a range of LED road lights which are significantly more energy efficient than conventional lights. LED road lighting represents an attractive opportunity for road authorities, local councils and other customers to make significant savings on their power bills in a time of rising electricity prices. Our LED road lights have been accepted across the east coast of Australia, including Victoria, South Australia and the Northern Territory where commercial sales have been achieved and continue to grow. Highlights have been the completion of the Monash Freeway and the Calder Freeway in Victoria and the Urban Superway and the Southern Expressway in South Australia. There are approximately 2.25 million road lights in Australia and the roll-out of LED road lights offers an exciting opportunity for the Group.

We have continued to invest in research and development to meet customer demand for more efficient and innovative products for the expanding Intelligent Transport Systems (ITS) sector. The Group is expanding its product range and has been developing a range of new products in the ITS area, including electronic speed signs, school speed zones, variable message signs, vehicle activated signs and ramp control signs.

The acquisition of QTC in 2013 has enabled the Group to expand its product range with the addition of traffic controllers and opened new markets overseas for the Group's traffic signals. The Group is also now able to develop export markets in conjunction with QTC which is able to export its products worldwide to the 27 countries and the 37,000 intersections which use the SCATS system.

Our export program continues to grow above expectation in overseas markets and in particular the United Kingdom, Asia and South America where we have won a number of contracts to supply pedestrian countdown timers, traffic signals, and emergency telephones and controllers to a number of transport authorities.

The Group's Signage business continues to be one of the main suppliers of road signs to the Australian market. The Signage business continues 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.

Revenue and profit for the remainder of the 2016 financial year are however likely to continue to be affected by cutbacks in Government expenditure programs and economic uncertainty. The Group remains cautious about the economic outlook and is not yet in a position to give earnings guidance for the financial year ending 30 June 2016.

**Traffic Technologies Ltd**  
**Half-year financial report**  
**Directors' report for the half-year ended 31 December 2015**

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**Material Business Risks**

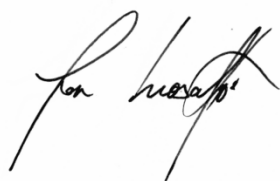
The material business risks faced by the Group that could have a significant impact on the financial prospects of the Group and how the Group manages these risks include:

- 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. The Group enters into foreign currency hedging arrangements where appropriate.
- 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.

**AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an independence declaration from our auditors, ShineWing Australia Pty Ltd, which immediately follows the 31 December 2015 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, 23 February 2016

**Traffic Technologies Ltd**  
**Half-year financial report**  
**Statement of comprehensive income for the half-year ended 31 December 2015**

	Note	Half-Year to 31 Dec 2015 \$'000	Half-Year to 31 Dec 2014 \$'000
Revenue from continuing operations		21,092	22,624
Other income		24	44
Changes in inventories of finished goods and work in progress		577	1,310
Raw materials and consumables used		(11,800)	(12,076)
Employee benefits expense		(6,904)	(8,045)
Occupancy costs		(978)	(1,041)
Advertising and marketing expense		(47)	(66)
Equipment rental		(5)	(4)
Other expenses		(816)	(885)
Depreciation and amortisation expenses		(1,048)	(1,223)
<b>Earnings before interest and tax (EBIT)</b>		<b>95</b>	<b>638</b>
Finance costs		(808)	(974)
<b>Loss for the period before income tax expense</b>		<b>(713)</b>	<b>(336)</b>
Income tax (expense)/benefit		(240)	120
<b>Net loss for the period</b>		<b>(953)</b>	<b>(216)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(953)</b>	<b>(216)</b>
<b>(Loss) per share</b>		<b>Cents</b>	<b>Cents</b>
- Basic earnings per share		(0.35)	(0.08)
- Diluted earnings per share		(0.35)	(0.08)

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

**Traffic Technologies Ltd**  
**Half-year financial report**  
**Statement of financial position as at 31 December 2015**

	Note	31 Dec 2015 \$'000	30 Jun 2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,539	1,010
Trade and other receivables		7,752	9,185
Inventories		11,132	10,555
<b>Total Current Assets</b>		<b>20,423</b>	<b>20,750</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		1,761	1,861
Goodwill	4	30,554	30,554
Intangible assets		6,629	6,446
Other financial assets		3	3
Deferred tax assets		1,315	1,555
<b>Total Non-Current Assets</b>		<b>40,262</b>	<b>40,419</b>
<b>TOTAL ASSETS</b>		<b>60,685</b>	<b>61,169</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		6,113	6,659
Interest-bearing liabilities	3	24,134	5,878
Provisions		1,999	2,514
<b>Total Current Liabilities</b>		<b>32,246</b>	<b>15,051</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	3	-	16,710
Provisions		54	70
<b>Total Non-Current Liabilities</b>		<b>54</b>	<b>16,780</b>
<b>TOTAL LIABILITIES</b>		<b>32,300</b>	<b>31,831</b>
<b>NET ASSETS</b>		<b>28,385</b>	<b>29,338</b>
<b>EQUITY</b>			
Contributed equity	5	49,029	49,029
Accumulated losses		(21,644)	(20,691)
Other reserves		1,000	1,000
<b>TOTAL EQUITY</b>		<b>28,385</b>	<b>29,338</b>

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

**Traffic Technologies Ltd**  
**Half-year financial report**  
**Statement of changes in equity for the half-year ended 31 December 2015**

	Ordinary Shares	Share-based payment reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2014</b>	<b>49,029</b>	<b>1,000</b>	<b>(21,111)</b>	<b>28,918</b>
Loss for the period	-	-	(216)	(216)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(216)</b>	<b>(216)</b>
<b>At 31 December 2014</b>	<b>49,029</b>	<b>1,000</b>	<b>(21,327)</b>	<b>28,702</b>
<b>At 1 July 2015</b>	<b>49,029</b>	<b>1,000</b>	<b>(20,691)</b>	<b>29,338</b>
Loss for the period	-	-	(953)	(953)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(953)</b>	<b>(953)</b>
<b>At 31 December 2015</b>	<b>49,029</b>	<b>1,000</b>	<b>(21,644)</b>	<b>28,385</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**  
**Statement of cash flows for the half-year ended 31 December 2015**

	<b>Half-Year to 31 Dec 2015 Inflows / (Outflows) \$'000</b>	<b>Half-Year to 31 Dec 2014 Inflows / (Outflows) \$'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	24,442	24,684
Payments to suppliers and employees	(23,521)	(23,159)
Interest received	-	1
Interest and other costs of finance paid	(670)	(844)
Net cash provided by operating activities	251	682
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of plant and equipment	-	15
Payment of development costs	(847)	(870)
Purchase of property, plant and equipment	(31)	(139)
Purchase of intangible assets	(96)	(183)
Net cash used in investing activities	(974)	(1,177)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	2,023	1,423
Repayment of borrowings	(771)	(745)
Net cash provided by financing activities	1,252	678
<b>Net increase in cash and cash equivalents</b>	<b>529</b>	<b>183</b>
Cash and cash equivalents at beginning of the period	1,010	768
<b>Cash and cash equivalents at end of the period</b>	<b>1,539</b>	<b>951</b>

*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 financial statements for the half-year ended 31 December 2015**

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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 2015 was authorised for issue in accordance with a resolution of directors on 23 February 2016. 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 98/0100. 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 2015 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 2015 and any public announcements made by Traffic Technologies Ltd during the half-year ended 31 December 2015 and subsequently to 23 February 2016, 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**

Subsequent to reporting date, on 18 February 2016, the Group refinanced the loan facility to extend to 1 March 2017. The Company's term debt facility is \$17.5m (2014: \$18.2m) and the working capital facility is \$7.4m (2014: \$6.0m).

**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 2015	275,557	49,029
<b>At 31 December 2015</b>	<u>275,557</u>	<u>49,029</u>



**6. EVENTS AFTER BALANCE DATE**

Subsequent to reporting date, on 18 February 2016, the Group refinanced the loan facility to extend to 1 March 2017.

**7. COMMITMENTS AND CONTINGENCIES**

There have been no material changes to the commitments and contingent liabilities disclosed in the 30 June 2015 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.

**9. WORKING CAPITAL DEFICIENCY**

As at 31 December 2015 the current liabilities of the Group exceeded its current assets by \$11,823,000 primarily due to the reclassification of \$16,450,000 bank debt from non-current to current. Subsequent to reporting date, on 18 February 2016, the Group refinanced the loan facility to extend to 1 March 2017.

After taking into account all available information, the Directors have concluded that the net current liability position will not cause significant uncertainty as to the going concern of the Group and there are reasonable grounds to believe that the basis of preparation of the financial report on a going concern basis is appropriate.

**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 2015 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, 23 February 2016

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

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

We have reviewed the accompanying half-year financial report of Traffic Technologies Limited and controlled entities (the "consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and explanatory information and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Traffic Technologies Limited ("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 (including the Australian Accounting Interpretations) 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 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 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 prepared, in all material aspects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Traffic Technologies Limited, would be on the same terms if provided to the directors at the time of this auditor's review report.

*Conclusion*

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 Traffic Technologies Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

ShineWing Australia

ShineWing Australia  
Chartered Accountants



Nick Michael  
Partner

Melbourne, 23 February 2016

**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 2015 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



Nick Michael  
Partner

Melbourne, 23 February 2016