



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

**HALF-YEAR FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020  
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 2020***

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

**Appendix 4D**

**Half-year financial report  
Period ended 31 December 2020  
(Comparative period: period ended 31 December 2019)**

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

<b>1. Results</b>				
		<b>%</b>		<b>A\$'000</b>
Revenues from ordinary activities	Up	19%	to	26,059
Earnings before interest and tax	Up	109%	to	988
Profit/(loss) after tax attributable to member	Up	98%	to	(211)
Net profit/(loss) from ordinary activities after tax attributable to member	Up	98%	to	(211)
For commentary on the results for the period and review of operations, refer to Directors' Report.				
<b>2. Dividends</b>		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	(0.5) ¢	(0.1) ¢

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

##### Control gained over entities

Name of entities	L&M Traffic Services Pty Ltd	
Date(s) of gain of control	28 August 2020	
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 2020 (2019: Nil). Total dividend Nil (2019: 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

Name of associate / joint venture	% Securities held
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 Accounting Standards which are equivalents to International Financial Reporting Standards (IFRS).

#### 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

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

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2020**

*This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2020.*

**Traffic Technologies Ltd**  
**Financial report for the half-year ended 31 December 2020**

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**TRAFFIC TECHNOLOGIES LTD**  
**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2020**

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# **Traffic Technologies Ltd**

## **Financial Report for the half-year ended 31 December 2020**

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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 2020. 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. Mark Hardgrave  
Mr. Con Liosatos  
Mr. Tim Fry (appointed 26 November 2020)  
Mr. Garry Lowrey (retired 25 November 2020)

#### **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 2020**

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The Directors of Traffic Technologies Ltd (the Company) present their financial report for the half-year ended 31 December 2020 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. Mark Hardgrave B Com ACA MAICD (Non-Executive Chairman)

Mr. Con Liosatos MAICD (Managing Director)

Mr. Tim Fry GAICD (Non-Executive Director) (appointed 26 November 2020)

Mr. Garry Lowrey BBus MAppFin CA (retired 25 November 2020)

#### **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 2016/191. 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 one office in England.

The Group specialises in "Smart City" control systems, LED road and street lights along with the design, manufacture and installation of traffic signals, traffic controllers, pedestrian countdown timers, electronic road signs, emergency telephones and road lighting products. The Group also supplies a wide range of directional and regulatory traffic signs and traffic control products to road traffic authorities, municipal councils and construction companies.

The Group's proprietary "Traffic SmartCity Technology" (TST) platform, developed for the road industry, councils and power authorities, enables the integration of street lights and other traffic management equipment to a central control/management system via remote "Internet of Things" (IoT) sensors. Through the Group's subsidiary, Aldridge Traffic Systems, which has been the major participant in the traffic signals market in Australia for over 50 years, customers, mainly state road authorities or contractors building or maintaining traffic intersections for state road authorities, can monitor and analyse assets in real time in order to make informed decisions on our road networks.

Quick Turn Circuits Pty Ltd (QTC) a subsidiary of the Group, is involved in the manufacture of urban traffic controllers. Having designed and supplied urban traffic controllers across Asia, Middle East and South America, QTC is well placed for future improvements in cities requiring "Smart City technology" where the urban traffic controller is automated to regulate the sequencing and timing of traffic signals by monitoring vehicular and pedestrian demands and adjusting to meet these requirements.

In August 2020, the Group completed the acquisition of the business and assets of L&M Traffic Signals Pty Ltd (L&M). L&M is an accredited provider and installer for Vic Roads involving traffic signal, urban traffic controller, street lighting and electronic speed sign installation and maintenance and fully approved for installation work by the Department of Transport in Victoria and holds a number of term maintenance contracts with local councils across Victoria.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Directors' Report for the half-year ended 31 December 2020**

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The Group is a key supplier to the road signage market across Australia, with customers including 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.

**Financial Overview**

The table below summarises the Group's financial performance for the half-year ended 31 December:

	<b>2020</b>	<b>2019</b>
	<b>\$'m</b>	<b>\$'m</b>
Revenue	26.1	21.9
EBITDA	2.2	0.5
Depreciation and amortisation	(1.2)	(1.2)
Impairment	-	(10.6)
EBIT	1.0	(11.3)
NPAT	(0.2)	(12.4)
EPS	(0.04) cents	(2.57) cents
Net assets	6.9	7.1
Net debt	9.8	7.9
Operating cash flows	0.1	2.0

*Comparatives for net assets and net debt as at 30 June 2020; net debt excludes \$1.0m relating to capitalised property leases.*

The result for the half-year to 31 December 2020 represents an improvement compared to the half-year to 31 December 2019 which included an impairment provision against goodwill of \$10.6m. Revenue for the period to 31 December 2020 improved by 19%, whilst EBITDA increased by over 300%, compared to the corresponding period last year

The Company has been able to continue operating in all states throughout the coronavirus (COVID-19) pandemic and associated lockdowns despite some delays in the supply chain caused by lockdowns affecting local and overseas suppliers and freight forwarders.

Encouragingly demand for the Group's products and services has seen an increase despite the COVID-19 lockdown. We expect to see further improvement as government expenditure on infrastructure is increased and international travel restrictions are eased, expected to be later in 2021.

To meet increasing demand for the Group's products, advance payments to suppliers have seen a reduction in cash balances. The increase in net debt is due to capitalised interest due to our financier and the drawdown of funds as sales activities increased by 19% in the first half.

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern, except for the classification of the ADM loan facility as a current liability.



# Traffic Technologies Ltd

## Half-year Financial Report

### Directors' Report for the half-year ended 31 December 2020

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#### Business Strategies and Prospects

We have continued to invest in research and development with the major focus of development being the roll-out of our “Smart City” platform “TST”. Significantly, we have first mover advantage in various aspects of this technology as our “Smart City” platform has multiple applications which are of significant benefit to users. Major customers include road authorities in Australia and overseas and local councils as well as operators of large networks of assets.

Our “Smart City” platform enables users to monitor and control thousands of assets linked through a secure private network to a central control system. Applications include control of traffic management assets such as street lights, as well as detection of traffic flows, parking availability, environmental and waste management. The Group’s “Smart City” software “TST” is attractive to road authorities, councils and power companies due to its ability to fully utilise and maintain critical assets in real time in a significantly more cost-effective manner, driving financial savings and higher utilisation of assets as well as reduction of greenhouse gases.

With our system “TST” activated and functioning in Victoria, New South Wales, South Australia and Queensland, governments are realising the cost-benefit of “Smart City” systems and the power it delivers. The base structure today has enabled the Group to explore and trial the system on a global scale with an anticipated annuity revenue stream for years to come.

The Group’s LED, “Smart City”-ready lighting products are well positioned for further growth, having secured approvals, long term supply contracts and orders from state and local government agencies, power companies and contractors. We continue to win significant contracts in this area and, subject to COVID, we anticipate that these contract wins will underpin our growth moving forward.

The newest addition to the Group, L&M, has delivered to date upon expectations and will enable the Group to further develop its maintenance business across Victoria and strengthen the Group’s relationships with local councils serviced by L&M. Strategic benefits include vertical integration of the Group’s current portfolio and more importantly to integrate our proprietary “Smart City Solution” TST into L&M’s existing maintenance contracts giving councils real time information in order to make informed decisions concerning their assets enabling comprehensive Smart City capability.

#### Outlook

We believe the outlook for the Group is positive, taking into consideration government focus on infrastructure. Expectations are that governments will invest in infrastructure programs to assist economic recovery following the coronavirus crisis. The Group is also expected to benefit in the years ahead from its diversification program into “Smart Cities” technology with IoT, new state-of-the-art products introduced and from significant long-term customer supply contracts with government authorities and power companies.

Although the Group is not yet in a position to issue earnings guidance for the full financial year to 30 June 2021, it expects, following the first half performance, to see a positive contribution in the second half from all strategic initiatives.

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



Managing Director

Melbourne, 24 February 2021

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income for**  
**the half-year ended 31 December 2020**

	Note	Half-Year to 31 Dec 2020 \$'000	Half-Year to 31 Dec 2019 \$'000
Revenue from continuing operations	3	26,059	21,912
Other income	3	523	19
Changes in inventories of finished goods and work in progress		1,212	(1,527)
Raw materials and consumables used		(16,348)	(11,076)
Employee benefits expense		(7,365)	(7,036)
Occupancy costs		(529)	(595)
Advertising and marketing expense		(12)	(67)
Other expenses		(1,375)	(1,142)
Depreciation and amortisation expenses		(1,177)	(1,214)
Impairment expense		-	(10,554)
<b>Earnings before interest and tax (EBIT)</b>		988	(11,280)
Finance costs		(1,045)	(1,094)
<b>Loss for the period before income tax expense</b>		(57)	(12,374)
Income tax expense		(154)	(34)
<b>Net loss for the period</b>		(211)	(12,408)
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive loss for the period</b>		(211)	(12,408)
<b><i>Profit/(loss) per share</i></b>		<b>Cents</b>	Cents
- Basic earnings per share	4	(0.04)	(2.57)
- Diluted earnings per share	4	(0.04)	(2.57)

*The Statement of Profit or Loss and Other 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 2020**

	Note	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,614	3,636
Trade and other receivables	5	7,967	7,863
Inventories	6	11,329	10,117
<b>Total Current Assets</b>		21,910	21,616
<b>Non-Current Assets</b>			
Property, plant and equipment		2,018	2,319
Intangible assets	7	11,004	9,177
<b>Total Non-Current Assets</b>		13,022	11,496
<b>TOTAL ASSETS</b>		34,932	33,112
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	9,498	8,752
Interest-bearing liabilities	9	9,594	8,598
Provisions		3,041	2,730
Deferred tax liability		1,366	1,001
Derivative financial instrument		468	525
<b>Total Current Liabilities</b>		23,967	21,606
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	9	3,808	4,165
Provisions		230	203
<b>Total Non-Current Liabilities</b>		4,038	4,368
<b>TOTAL LIABILITIES</b>		28,005	25,974
<b>NET ASSETS</b>		6,927	7,138
<b>EQUITY</b>			
Contributed equity	10	54,755	54,755
Accumulated losses		(47,828)	(47,617)
<b>TOTAL EQUITY</b>		6,927	7,138

*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 2020**

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	<b>Ordinary Shares \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total \$'000</b>
At 1 July 2019	54,755	(33,595)	21,160
Adjustment from the adoption of AASB 16	-	(37)	(37)
Loss for the period	-	(12,408)	(12,408)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(12,408)	(12,408)
At 31 December 2019	<u>54,755</u>	<u>(46,040)</u>	<u>8,715</u>
<b>At 1 July 2020</b>	54,755	(47,617)	7,138
Loss for the period	-	(211)	(211)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(211)	(211)
<b>At 31 December 2020</b>	<u>54,755</u>	<u>(47,828)</u>	<u>6,927</u>

*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**  
**2020**

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	<b>Half-Year to 31 Dec 2020 \$'000</b>	Half-Year to 31 Dec 2019 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	28,506	25,286
Payments to suppliers and employees	(27,715)	(22,653)
Interest received	11	13
Interest and other costs of finance paid	(691)	(614)
Income tax paid	(4)	(4)
	<hr/>	<hr/>
Net cash provided by operating activities	107	2,028
	<hr/>	<hr/>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of plant and equipment	4	42
Purchase of property, plant and equipment	(106)	(89)
Purchase of intangible assets	(859)	(959)
Purchase of business	(288)	-
Acquisition costs	(9)	(76)
	<hr/>	<hr/>
Net cash used in investing activities	(1,258)	(1,082)
	<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	525	7,500
Repayment of borrowings	(396)	(8,985)
	<hr/>	<hr/>
Net cash provided by financing activities	129	(1,485)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	(1,022)	(539)
Cash and cash equivalents at beginning of the period	<hr/>	<hr/>
	3,636	3,107
<b>Cash and cash equivalents at end of the period</b>	<hr/>	<hr/>
	2,614	2,568
	<hr/>	<hr/>

*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 2020**

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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 2020 was authorised for issue in accordance with a resolution of the directors on 24 February 2021. 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 2016/191. 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 2020 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 2020 and any public announcements made by Traffic Technologies Ltd during the half-year ended 31 December 2020 and subsequently to 24 February 2021, in accordance with the continuous disclosure obligations of the *ASX Listing Rules*. The same accounting policies used for the annual report for the year ended 30 June 2020 have been used for this half-year financial report.

**b) Going concern**

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern, except for the classification of the ADM loan facility as a current liability.

The ADM loan facility falls due on 2 July 2021. Because this is less than 12 months after the balance date of 31 December 2020, there is material uncertainty that may cast significant doubt whether the Group can continue as a going concern if this loan is not refinanced by that date.

In assessing the appropriateness of the going concern concept the following factors have been taken into consideration by the Directors:

- The consolidated entity has been able to continue trading throughout the COVID-19 lockdown period.
- The consolidated entity is expected to continue to generate positive earnings before interest, tax, depreciation and amortisation (EBITDA) in the 2021 financial year.
- The Directors are working on a strategy to refinance the debt facility with ADM Capital.

**c) New standards adopted by the Group**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2020**

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**3. REVENUE**

	<b>Consolidated 2020 \$'000</b>	Consolidated 2019 \$'000
<b>Revenue</b>		
Sale of goods	23,655	21,912
Sale of services	2,404	-
Revenue from contracts with customers	26,059	21,912
<b>Other income</b>		
Net gain on disposal of fixed assets	-	6
Net loss on derivatives held for trading	(468)	(130)
Net exchange gain on foreign currency borrowings	420	120
Cash boost (COVID-19 Federal Government incentive)	500	-
Other income	71	23
Total	523	19

**4. EARNINGS PER SHARE**

	<b>Consolidated 2020 \$'000</b>	Consolidated 2019 \$'000
Earnings used in calculating earnings per share		
For basic and diluted earnings per share:		
Net loss attributable to ordinary equity holders of the parent	(211)	(12,408)
Weighted average number of shares		
	<b>Consolidated 2020 Thousands</b>	Consolidated 2019 Thousands
Weighted average number of ordinary shares used in calculating basic earnings per share	482,225	482,225
Weighted average number of ordinary shares adjusted for the effect of dilution	482,225	482,225

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2020**

**5. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated 31 Dec 2020 \$'000</b>	Consolidated 30 Jun 2020 \$'000
Trade receivables	5,506	6,495
Allowance for impairment loss	(105)	(397)
	<hr/> 5,401	<hr/> 6,098
Prepayments	1,957	1,092
Other receivables	609	673
Total	<hr/> 7,967	<hr/> 7,863

**6. INVENTORIES**

	<b>Consolidated 31 Dec 2020 \$'000</b>	Consolidated 30 Jun 2020 \$'000
Raw materials	4,175	3,874
Work in progress	197	199
Finished goods	6,957	6,044
	<hr/> 11,329	<hr/> 10,117

**7. INTANGIBLE ASSETS**

	Development Costs \$'000	Goodwill and Other Intangible Assets \$'000	Total \$'000
At 30 June 2020			
Cost	17,316	2,569	19,885
Accumulated amortisation	(8,207)	(2,501)	(10,708)
Carrying amounts at 30 June 2020	<hr/> 9,109	<hr/> 68	<hr/> 9,177
At 31 December 2020			
Cost	18,073	4,243	22,316
Accumulated amortisation	(8,744)	(2,568)	(11,312)
Carrying amounts at 31 December 2020	<hr/> 9,329	<hr/> 1,675	<hr/> 11,004



**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2020**

**8. TRADE AND OTHER PAYABLES**

	<b>Consolidated 31 Dec 2020 \$'000</b>	Consolidated 30 Jun 2020 \$'000
Trade creditors	6,459	6,511
Sundry creditors and accruals	3,039	2,241
<b>Total</b>	<b>9,498</b>	<b>8,752</b>

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

	<b>Consolidated 31 Dec 2020 \$'000</b>	Consolidated 30 Jun 2020 \$'000
<b>Current borrowings</b>		
Debtor & trade finance facility (Octet Finance)	3,149	2,657
Term facility (ADM Capital)	5,538	5,139
Equipment lease liabilities	150	110
Property lease liabilities	757	692
<b>Total</b>	<b>9,594</b>	<b>8,598</b>
<b>Non-current borrowings</b>		
Note facility (First Samuel)	3,500	3,500
Equipment lease liabilities	121	164
Property lease liabilities	187	533
Capitalised borrowing costs	-	(32)
<b>Total</b>	<b>3,808</b>	<b>4,165</b>

**10. CONTRIBUTED EQUITY**

	<b>Number of Shares (‘000)</b>	<b>\$'000</b>
<b>Ordinary shares</b>		
At 1 July 2020 and at 31 December 2020	482,225	54,755

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2020**

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**11. BUSINESS COMBINATION**

**Summary of Acquisition**

On 28 August 2020 the Group completed the acquisition of the business and assets of L&M Traffic Signals Pty Ltd (L&M). L&M is an accredited provider and installer for Vic Roads involving traffic signal installation and maintenance and fully approved for installation work by the Department of Transport in Victoria and holds a number of term maintenance contracts with local councils across Victoria.

**Details of the purchase consideration are as follows:**

	<b>\$'000</b>
Purchase consideration:	
Cash deposit paid on completion	288
Balance payable in instalments	840
Earnout payable if financial target met	300
<b>Total purchase consideration</b>	<b>1,428</b>

**The assets and liabilities recognised as a result of the acquisition are as follows:**

	<b>Fair value</b>
	<b>\$'000</b>
Property, plant and equipment	103
Inventory	65
Employee entitlements	(115)
Equipment lease liabilities	(51)
Goodwill and other intangible assets	1,426
<b>Net assets acquired</b>	<b>1,428</b>

**Provisional accounting**

The initial accounting for the business combination is incomplete and the amounts recognised in the financial statements for the business combination have been determined provisionally in accordance with AASB 3 Business Combinations. It is the Company's intention to prepare a valuation to finalise the amounts recognised for the business combination.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Notes to the Consolidated Financial Statements for the half-year ended**  
**31 December 2020**

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**12. EVENTS AFTER BALANCE DATE**

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

**13. COMMITMENTS AND CONTINGENCIES**

There have been no material changes to the commitments and contingent liabilities disclosed in the 30 June 2020 annual financial report.

**14. RELATED PARTY TRANSACTIONS**

a) Transactions with Shareholders

First Samuel Limited (one of the Company's lenders – see note 9) has disclosed that it owns 21,977,207 ordinary shares in the Company.

b) Transactions with Directors or Director-related entities

The Company entered into a related party transaction with an entity associated with the Company's Managing Director, Mr. Con Liosatos. Inventory was purchased by the related entity and sold to the Company at cost price. The related party transaction was on arm's length commercial terms and, after the application of foreign exchange and interest costs, no profit was made by the related party. As a result, the related party transaction was within the arm's length exception under Part 2E of the Corporations Act 2001.

Inventory purchases and associated finance charges from the related entity amounted to \$69,000 (2019: \$Nil), with \$Nil was included in trade payables at 31 December 2020 (30 June 2020: \$130,000).

**15. 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.

**Traffic Technologies Ltd**  
**Half-year Financial Report**  
**Directors' Declaration for the half-year ended 31 December 2020**

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**DIRECTORS' DECLARATION**

The directors of the Company state:

- a) the financial statements, comprising the statement of profit or loss and other 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 2020 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, 24 February 2021

## 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 subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, 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 accompanying half-year financial report of Traffic Technologies Limited does not comply with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Materiality Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report, which states that part of the Group's debt is due for repayment in July 2021. As stated in Note 1, these events, or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Responsibility of the Directors' for the Financial Report

The directors of Traffic Technologies Limited 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.

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## Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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*.

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.

The logo for ShineWing Australia, featuring the company name in a stylized, handwritten-style font.

**ShineWing Australia**  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Rami Eltchelebi'.

Rami Eltchelebi  
Partner

Melbourne, 24 February 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF TRAFFIC TECHNOLOGIES  
LIMITED**

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020 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**  
Chartered Accountants



Rami Eltchelebi  
Partner

Melbourne, 24 February 2021

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