

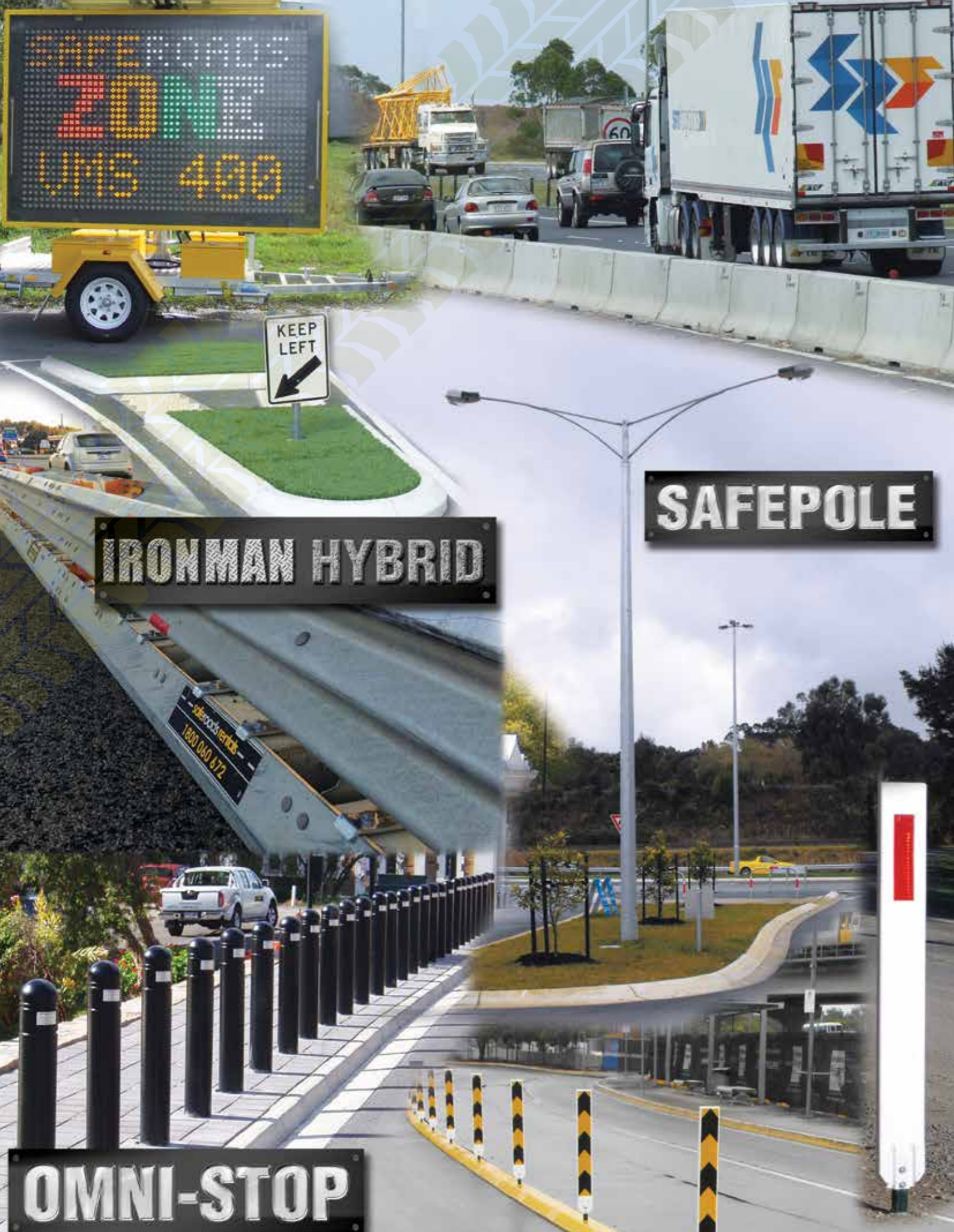
ANNUAL REPORT 2014

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

— — **saferoads** — —

Innovative Road Safety Solutions



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Saferoads specialises in providing innovative road safety solutions.

Headquartered in Drouin, Victoria, and with representation across Australia and New Zealand, the company services State Government Departments, local councils and road construction and equipment hire companies with a broad range of products and services designed to direct, protect, inform and illuminate all road users.



CHAIRMAN'S OVERVIEW

Dear Shareholder,

On behalf of the board I am pleased to provide the following Chairman's overview for the 2014 financial year.

OPERATIONS OVERVIEW

The 2014 financial year was a continuation of the transformation of the Company and ultimately our return to profitable performance. We continued to focus on the development and sale of products with superior margins. This focus on margins and our innovative and patented quality products is providing us with a clear point of difference in our markets. Importantly we highlight that our gross profit margin for 2014 has continued to improve with a 13% increase to 37.4% compared to 33.1% in 2013.

We continued our disciplined management of costs and structure to ensure we are as efficient and productive as we can be. We have progressively restructured our core sales force and our Senior Management Team to drive efficiency, accountability and results and a focus on continuous improvement in everything we do.

It is very pleasing to advise our return to underlying profitable operations in the last quarter of the 2014 financial year however we have recorded a statutory loss after tax for the full year of \$930,978. This full year loss includes the burden of restructuring and redundancy costs of \$147,198 after tax and from an underlying results perspective, the 2014 result was a loss of \$783,780 after tax. This 2014 underlying result compares with an underlying loss of \$1.56 million in 2013 and the company's low point underlying loss of \$4.25 million in 2012. As already noted, it is very pleasing and motivating to highlight that we achieved a last quarter underlying profit and we now envisage that we will be able to sustain profitable operations for the 2015 financial year and beyond. The poor performing Civil operations have been successfully wound down with the completion of the majority of our contractual commitments and the disposal or reallocation of related assets at book value or better. All Civil wind down, termination and related costs have been fully provided for in the 2014 result.

BALANCE SHEET AND DEBT MANAGEMENT

Our balance sheet continues to improve and we have maintained adequate cash reserves to support the current working capital needs of the business as well as provide basic funding for our product innovation projects.

Bank debt continues to be a key focus and it was reduced in 2014 by a further 11% from \$5.6 million to \$5.0 million at 30 June 2014. This was achieved mainly from working capital gains and the proceeds from the sale of non-core assets, mainly Civil related. The Company was in compliance with its financial covenant over the year and fully met its obligations under the agreed debt repayment requirements. We expect to comply with all our debt facility obligations in 2015 whilst maintaining adequate working capital requirements to meet budgeted needs. Our existing facilities expire in July 2015 and we are currently looking to negotiate a further extension or new facility in this current half.

STRATEGIC PRODUCT OPPORTUNITIES

The company has a history full of innovation and being first to market with quality products. After some years of distraction I am pleased to assure our shareholders that we are back on track with our focus on a portfolio of innovations that will have the dual benefits of improved stakeholder value and reduced human road trauma.

Ironman Hybrid - As outlined in our half year announcement, we are excited about the new Ironman Hybrid steel and concrete temporary safety barrier solution. As previously announced, we now have regulatory approval in most key Australian States to market this innovative product for use on open road and freeway roadworks sites. We are actively marketing this product for sale and as the core component of our Workzone barrier rental fleet. We are also currently in negotiations with major work zone rental companies for the sale and exclusive licensing of the Ironman Hybrid barrier solution in Australia and overseas.

Safepole and Omni Bollard - Unlocking value from these patented assets overseas is also a major focus for the Board. We are exploring commercial opportunities in North America with existing and new business partners. The interest in these products in this huge market is substantial.

Other Innovations - With the business better stabilised, our focus is clearly back on identifying and securing further innovative growth products where we can be first to market and capitalise on the better margin available. We have an impressive portfolio of new and upgraded products in various stages of development and we have a proven ability to efficiently and economically complete and launch new products.

ACKNOWLEDGMENTS

I would like to acknowledge the efforts and loyalty of our staff who have continued to work tirelessly in what has been another challenging transitional year for the business. We are now starting to see the benefits of the difficult structural changes that have been made and I congratulate all our staff on their contribution and support and I look forward to their assistance to take the business into a new growth phase.

I also wish to acknowledge the significant dedication and contribution from my fellow directors and senior management team over the past year. Their expertise, clear thinking and industry insight has contributed to our ability to execute the turnaround in what is still a difficult trading environment.

With a significant foundation shareholder base within 50 kilometres of our Drouin head office, we have decided to hold this year's AGM at Drouin. This will provide us with an opportunity to acknowledge their ongoing support, present and explain our plans for our product portfolio and for them to see first hand those major products. I encourage shareholders to take full advantage of this opportunity.

Finally, I wish to thank all our shareholders for their ongoing patience and continued support. I can assure you all that the directors, management and staff are focused on substantially improving the financial performance of the company. I believe that for the 2015 financial year we have tangible capacity and opportunities to enable us to succeed in securing the Company's sustainable growth and value improvements into the future.



David Ashmore
Chairman of the Board

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS AND ACTIVITIES

PERFORMANCE DURING 2013-2014

The Company continued its recovery journey in the past financial year and remained focused on its core business in providing innovative road safety solutions in the Australian market. To this end, the Company generated annual operating revenues of \$16.3 million (FY2013: \$24.3 million) and an operating loss after tax of \$0.9 million (FY2013: \$1.4 million loss). Whilst this was prima facie not a satisfactory outcome, the steps taken over the past year to reverse the extreme depth of losses has delivered positive results, particularly in the last quarter where we yielded a positive EBIT and Operating profit (before restructuring costs). Whilst operating revenue fell by 33% this was largely attributed to the progressive wind down of our non-profitable Civil Services offering. Our greater focus has been on enhancing trading margin, and whilst overall gross profit derived for the period was only 24% down on the previous year, gross margin increased from 33.1% to 37.4% reflecting our continual focus on obtaining profitable and sustainable sales.

We have maintained an active focus on cost reduction, without compromising our service capabilities, achieving over \$2.8 million (or 31%) savings over the year in personnel and non-personnel costs through rationalisation of our operations to a more efficient and effective business model. Additional restructuring costs associated with the exit from our non-profitable Civil Services offering and surplus lease space have been incurred and provided for at reporting date.

Whilst overall sales volumes were down as a result of continued stagnant activity in the road construction industry as State and local governments experienced the challenge of reduced Federal budget allocations, we did experience growth in some of our core products including the Omni-stop™ impact-absorbing bollards (up 33%), and some traffic calming solutions including speed humps and wheel-stops. Our Public Lighting portfolio is a star performer and maintained revenue volumes year on year increasing our market share not only in our traditional Victorian market but increasingly with an interstate focus.

We have substantively exited the non-profitable Civil Services offering, with just a couple of minor legacy contracts to finalise. We realised minor gains in the controlled disposal of surplus Civil plant and equipment during the year and taken the opportunity to utilise the aggregate proceeds of around \$0.5 million to further reduce bank debt.

LOOKING AHEAD

Our order book at the start of the current financial year is strong, and we have secured another significant order for our licenced T-LOK concrete temporary safety barriers in Western Australia as well as gained regulatory approval of this product for use in NSW where the State Government has committed to a significant increase in road infrastructure spend in the coming years.

We have commenced commercialisation of the new Ironman Hybrid steel and concrete temporary safety barrier solution by retrofitting our existing Ironman rental barriers and following recent regulatory approval for use in most Australian states, we will proactively look for opportunities to introduce this unique product into the work zone environment and increase utilisation.

With our Electronic Traffic Systems, we have a renewed emphasis on customer relationships and technical support and have recently launched our new Zone Care technical support program for our VMS customers. The Zone Care Package provides expert technical support and additional hardware service options, with most issues resolved in a single call, providing our customers with complete business assurance. The Zone Care package has been well received by our VMS customer base. We are pleased to once again be leading from the front in being the first in the industry to offer this level of care.

Product innovation remains a large part of this Company's ethos and we have a number of new product initiatives underway in the areas of temporary road safety barriers, electronic traffic systems and flexible signage.

During the past financial year, Saferoads participated in *Intertraffic*, Amsterdam – the world's leading trade event associated with the road safety and road infrastructure sectors. Some 810 exhibitors from 50 countries presented their latest products and solutions to a global audience of traffic professionals.

This event has introduced us to numerous overseas parties interested in selling our products in their respective markets and also identified distribution opportunities for their respective products here in Australia. Although early days we will pursue these opportunities over the coming year.

Additionally, Saferoads has become affiliated with the *International Road Federation (IRF)*, a non-governmental, non-profit organisation with the mission to encourage and promote development and maintenance of better, safer and more sustainable roads and road networks, which is promoting the UN-sponsored initiative - "*Decade of Action for Road Safety 2011-2020*". IRF has members in over 90 countries. This contact is broadening our brand and allowing us to showcase our best-of-breed innovative products globally, and also allowing us to gain knowledge of the needs of other markets.

These overseas relationships should provide alternative market opportunities to compensate for any lag in the Australian road safety and construction market.

The following pages showcase our year in review.

Finally, I would like to acknowledge my Senior Management Team and our staff, who have worked tirelessly in another year of change and restructuring, but one in which I believe we have now set the building blocks for a more lean, sustainable, and profitable business for the future.



Darren Hotchkin
Chief Executive Officer



THE YEAR IN REVIEW

INNOVATION



Ironman Hybrid steel and concrete temporary safety barrier solution

The Ironman Hybrid safety barrier system is the first 100 kph crash-tested, non-anchored steel and concrete temporary barrier to be available in Australia.

CEO, Mr. Darren Hotchkin says *"this product creates a new strategic market opportunity for the Company. The Ironman Hybrid is an attractive alternative to existing temporary safety barrier solutions for mainstream work zones."*

"There are a number of significant advantages to this system over existing products in the market including its low deflection, durability, efficiency to transport and its non-invasive (to the road pavement) deployment."

The Ironman Hybrid safety barrier system was assessed and accepted by ASBAP (Austroads Safety Barrier Assessment Panel) in May 2014.



"The feedback we have received from road construction industry participants is that this system will provide more flexible options for the layout of work zones to ensure the safety of all road users and road workers."

Intertraffic, Amsterdam

The traffic-specific show was attended by almost 27,000 visitors from 128 countries over four days in late March 2014. There was also around 800 exhibitors from 43 countries showcasing their products.

Saferoads had a steady stream of visitors to its stand with over 100 potential sales leads and potential customers requesting additional information for proposals.

Saferoads also took the opportunity to visit the other stands to identify opportunities for additional product lines and partnerships that could be of value to the business.

This show is attended by many prominent Australian and New Zealand businesses and Saferoads' presence at the show was invaluable to demonstrate that the company is again at the forefront of road traffic and safety solutions.



SERVICE



ETS ZoneCare

Saferoads Electronic Traffic Systems (ETS) Team have achieved several significant milestones over the past 12 months. The ETS team is focused on product development and sustainability of the Zone Variable Message Sign (VMS) fleet.

Several key factors have been implemented which have created a renewed emphasis on customer service, and re-established Saferoads as one of the top VMS suppliers in the country. From the design of a more modern technical manual and the introduction of an advanced Technical Support Program, the ETS Team are providing a clear differentiation in the VMS marketplace.

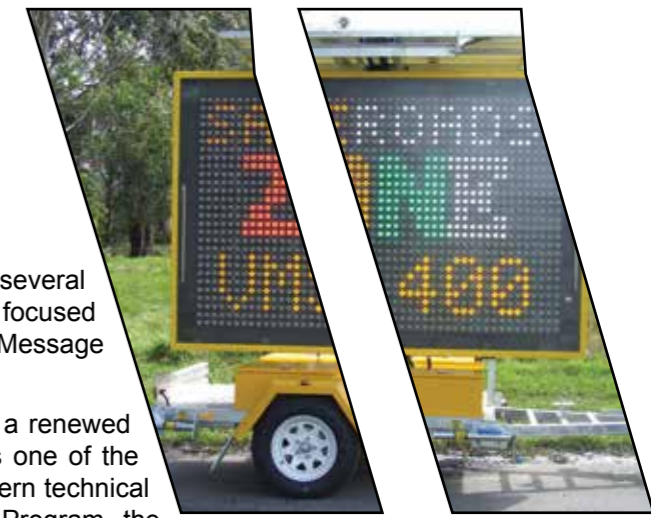
The ETS Team have successfully launched Saferoads' unique Technical Support Program known as "Zone Care". ZoneCare provides VMS customers with renewed levels of confidence, reliability, flexibility, satisfaction and assurance.

The key features of ZoneCare include:

- 24 hour, 7 days a week customer care with direct access to a dedicated Technical Advisor
- Zone Website access
- Unlimited software support & training

ETS customer feedback has been profoundly encouraging. To express their gratitude for the service, Main Roads WA recently made the following statement:

"Main Roads WA has 30 Zone 400 VMS trailers across various sites in Western Australia. From time to time when technical support has been required, Saferoads has provided a prompt and timely response, and we are very happy with the level of service provided by the Saferoads ETS team."



UNDERGROUND CABLE SYSTEMS PTY LTD

Public lighting

One of Saferoads' largest Public Lighting customers, Underground Cable Systems (UCS) has operated in the electrical infrastructure business for almost 20 years, servicing the residential and industrial subdivision development industry. Saferoads is its key supplier of standard and decorative light poles and lanterns.

According to UCS's Design Engineer, David Heywood, *"the key aspects, from UCS's perspective, that Saferoads delivers on and contributes to our success in a very competitive industry are:*

- *Supplying competitive priced products that consistently meet the specifications of the various electrical distribution companies;*
- *Being prepared to deliver products to site on a nominated date and time requested by UCS (sometimes at short notice); and*
- *Having a "can do" attitude by all their Team*

The above attributes have contributed to UCS expanding to our current standing as the major service provider in the public lighting sector in Victoria."



SOLUTIONS-FOCUSSED

Pre-casting a success in the West

Over the past three years Saferoads has achieved outstanding temporary barrier sales with the T-LOK precast concrete temporary barrier in Western Australia. To date, Saferoads has produced 13.25km of T-LOK barriers and delivered over 2,500 T-LOK Barriers into the Kwinana and Mitchell Freeway projects and the Perth Gateway project, as well as various other smaller projects.

Time frames are often critical with the deployment of concrete barriers, as they are often installed overnight to minimise disruption to traffic. The logistics surrounding the scheduling of a fleet of trucks to facilitate continuous supply of barriers to an onsite crane requires the cooperation of manufacturer, supplier and customer and this has worked exceedingly well on these projects.

Saferoads continues to lead the way in innovative road safety solutions meeting the challenges of building new or upgrading existing infrastructure whilst safely managing traffic flows.

GatewayWA



Omni-stop™ Bollards – Roadside Dining

The growth in Alfresco dining has led to a proliferation in roadside cafés and restaurants placing tables and chairs on the pavement right up to the edge of the roadway. Whilst local councils have outdoor dining policies focussed on ensuring the safety of outdoor diners, these policies have been continually tested by a growing number of vehicle/pedestrian incidents and councils are now insisting on devices that will prevent an errant vehicle entering alfresco dining areas.

The Omni Stop™ bollard provides protection for roadside diners from an impact by an errant vehicle whilst not restricting access. It does not impinge on the road space or dramatically alter the streetscape and it is not a danger to the driver of the vehicle.

The Omni-stop™ bollard system has a unique energy absorbing cartridge which is encased in a concrete footing below ground. The carbon steel bollard is placed into the cartridge and with surface restoration, the Omni-stop™ bollard presents as any regular bollard. However, when impacted, the bollard deforms the cartridge below the ground which causes the vehicle to safely decelerate with no injury to the occupants and the vehicle is also stopped from entering the area occupied by diners or pedestrians.

Urban designers and engineers have specified and installed the Omni-stop™ bollards in a wide variety of applications not envisaged when the product was first developed.

The Omni-stop™ has been successfully trialled at school crossings and is also suitable to protect assets such as signal and telecommunication boxes. The construction industry has embraced the Omni-stop™ bollards when working on high-rise urban developments. They are used to protect workers when loading and unloading trucks and provide the flexibility of removal when the road lanes need to be opened for peak traffic flows.

It is ideally suited to any areas where there is an interchange between vehicles and pedestrians like bus stops, tram stops, pedestrian crossings and refuges, high occupancy footpaths, schools and kindergartens.



QUALITY

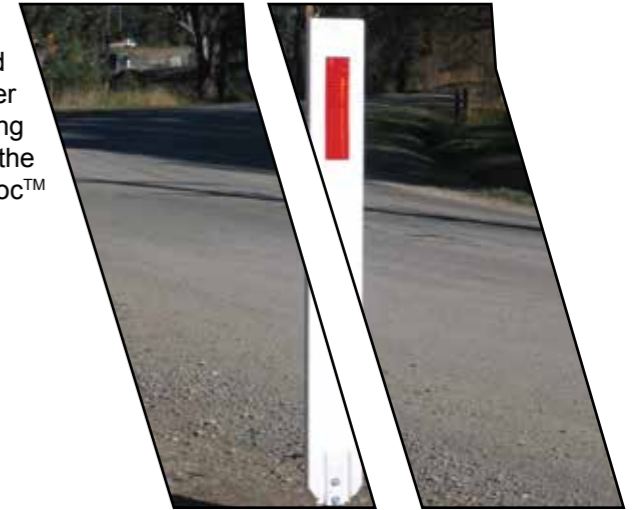
Snaploc™ guide posts (QLD)

Queensland's Banana Shire Council secured the Department of Transport and Main Roads contract for maintaining main roads in the Shire.

The Council chose Saferoads' Snaploc™ Guide post as part of its roadside maintenance obligations because it has a better ground socket, is more versatile, and has a great warranty. In addition, the Snaploc™ had withstood the test of six months of daily vehicle impacts.

Saferoads originally convinced the Council to install one Snaploc™ guide post in their maintenance yard to prove its durability. The Council agreed to run over the guide post every day. The Snaploc™ withstood all that was pitted against it, which impressed council officers. After numerous demonstrations to their road maintenance crews, culminating in an impact by a 4.5 tonne roller, the crews were so impressed by the product's ease of installation and durability, they now only use Snaploc™ for all their guide post needs.

The Council could not be happier – having invested in a great product at a great price reflecting the quality design.



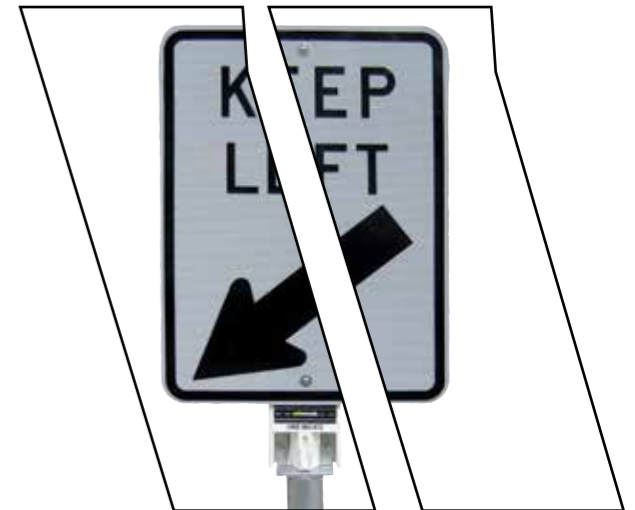
Brisbane City Council – flexible signage

As part of a continuous improvement project, the Brisbane City Council identified that their signage team were constantly replacing Keep Left signs on Brisbane metropolitan roads as a result of damage and vandalism.

After consulting with other councils and various suppliers, several alternative signs and flexible posts were chosen for field trials.

According to Brisbane City Council, Saferoads was the only supplier who offered to meet with the project team and conduct a field-based demonstration. The project team were impressed by Saferoads' knowledge of the product and the support provided. After several months of testing, the data from the field trials was analysed and the Saferoads product proved superior to all the other sign systems tested.

As a result of the project Brisbane City Council are now installing Saferoads Supa-Flex signs and posts and the per annum savings for the ratepayers are substantial.



DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2014.

DIRECTORS

David Ashmore	Non-Executive Chairman	Appointed 22 November 2012 (Appointed Chairman 19 August 2013)
Darren Hotchkin	Executive Director (CEO)	Appointed 21 October 2005
David Cleland	Non-Executive Director	Appointed 1 December 2010
Gary Bertuch	Non-Executive Director	Appointed 31 October 2005 Resigned 19 August 2013

DIRECTOR PROFILES

David Ashmore (Age 62) (FCA GAICD F.FIN)

Non-Executive Director

(Appointed Non-Executive Chairman 19 August 2013)

David Ashmore was appointed to the Board on 22 November 2012 and was re-elected at the November 2013 AGM. He was appointed Chairman of the Board on 19 August 2013. He is a member of the Remuneration Committee (appointed Chairman of this Committee on 19 August 2013) and the Audit and Risk Committee (as Chairman up to 19 August 2013).

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

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

Directorships of other listed companies during the preceding three years: iSonea Limited

Darren Hotchkin (Age 50)

Executive Director/Chief Executive Officer

Darren Hotchkin was appointed to the Board on 21 October 2005 as Managing Director. On 7 February 2011 he stepped aside as Managing Director but remained on the Board as a Non-Executive Director and was re-elected at the October 2011 and November 2013 AGM's. He was appointed acting Chief Executive Officer on 10 April 2012 and formal Chief Executive Officer on 30 June 2012.

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

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

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

David Cleland (Age 69) (Dip.ME GAICD FIE (retired))

Non-Executive Director

David Cleland was appointed to the Board on 1 December 2010 and was re-elected at the October 2011 AGM. He was appointed acting Chief Executive Officer on 28 November 2011, handing over the role to Darren Hotchkin on 10 April 2012. He is a member of the Audit and Risk Committee (becoming Chairman of this Committee on 19 August 2013) and the Remuneration Committee.

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

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

Gary Bertuch (Age 63)

Non-Executive Chairman (resigned 19 August 2013)

Gary Bertuch was appointed to the Board on 31 October 2005 and was re-elected at the October 2008 and November 2012 AGM's. He resigned as Director and Chairman on 19 August 2013. He was Chairman of the Remuneration Committee up until his resignation from the Board.

He has extensive experience in the project development, capital raising and construction industries. He was the former Executive Chairman of HydroChile Pty Ltd, a company which develops, builds and operates hydro-electric power stations in the Republic of Chile. Prior to that, he was a co-founder of Pacific Hydro Limited where he served as an Executive Director for a number of years, responsible for business development and capital raisings.

He is also currently a non-executive director of the international project management group, Thinc Projects, and a non-executive director of HydroChile Holdings.

Gary holds a Bachelor of Engineering with Honours from Monash University and a Graduate Diploma in Business Administration from Swinburne University.

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

COMPANY SECRETARIES

Elissa Hansen

Company Secretary (appointed 10 October 2013)

Elissa joined Saferoads on 10 October 2013 and is employed by Boardroom Pty Ltd, the company which manages Saferoads' share registry. Elissa is an experienced Chartered Secretary with over 15 years' experience advising management and boards on investor relations, governance, compliance and other corporate issues.

Kim Clark

Company Secretary (appointed 31 July 2013, resigned 10 October 2013)

Kim joined Saferoads on 31 July 2013 and is a regional Head of Corporate Services for Boardroom Pty Ltd, the company which manages Saferoads' share registry. Kim is an experienced professional whose career has included 21 years in the Banking and Finance industry focussing on Corporate and Institutional lending, and more recently 6 years as the Company Secretary for an ASX 300 company.

Fleur Guenther

Company Secretary (appointed 18 July 2012; resigned 31 July 2013)

Fleur was Company Secretary of Saferoads from 18 July 2012 to 31 July 2013. She was a Manager of Corporate Secretarial Services for Boardroom Pty Ltd, the company which manages Saferoads' share registry, until her resignation from this business on 31 July 2013. Fleur has experience working in top tier professional services firms, advising international and ASX 300 companies as well as some of Australia's fastest growing private companies.

DIRECTORS' REPORT

KEY MANAGEMENT PROFILES

Peter Fearn **Chief Financial Officer**

Peter joined Saferoads in December 2011. He has over 14 years' experience managing finance functions in the information technology, infrastructure and professional services sectors, covering both public listed and private companies.

He was Group Financial Controller of ASX listed UXC Limited. His most recent appointment was Chief Financial Officer of a national privately-owned urban planning and property advisory business.

Peter holds a Bachelor of Business (Accounting) and is a CPA.

Hamish Webb **General Manager, Sales and Marketing**

Hamish rejoined Saferoads in May 2013 to develop and implement appropriate sales strategies to build and improve stronger customer relationships for Queensland, New South Wales and Northern Territory.

From 1 July 2014, he has full responsibility for the sales and marketing functions for the business gauged with developing appropriate strategies to improve sales and margin across the company's varied product portfolio.

Hamish has over 20 years' experience in the construction, manufacturing and contracting industries. He was previously General Manager – Strategic Alliances & International Business with Ingal Civil Products and General Manager – Sales & Operations at Saferoads (2006-2011).

Hamish is a Fellow of the Australian Institute of Management (FAIM).

Paul Williams **General Manager, Workzone Rentals**

Paul joined Saferoads in July 2010 as the National Rental Manager, starting up the Barrier Rental portfolio. From January 2012 he served as the National Sales Manager responsible for the sales and marketing strategies, and National Workzone Solutions Manager focussed on providing customers with the choice of buying or renting various workzone products provided by the Company.

From 1 July 2014, he returns to the dedicated role of overseeing the company's Workzone Rentals portfolio, with a particular focus now on the commercialisation of the new Ironman Hybrid temporary steel and concrete safety barrier.

Paul has a background in construction, successfully running his own contracting business before moving into sales and general management positions in the road construction sectors over the past 12 years.

During his time as a Sales Manager at Coates Hire, Paul worked alongside Saferoads developing the Ironman temporary steel barrier market.

Casey McMaster **Engineering Solutions Manager**

Casey joined Saferoads in 2003 as National Tenders and Installations Manager to head up the rapidly growing guardrail and wire rope safety barrier supply and installation sector of the Company's business. After several role changes in the intervening years, and having built up a wealth of knowledge of the road safety industry, Casey was appointed as National Engineering Manager in May 2011.

Casey's main focus today is on providing tailored engineering solutions for customers as well as providing and facilitating technical input to various research and development projects.

Prior to Saferoads, Casey has held a range of Civil Engineering and Civil Design roles in local government, public utilities and a private consulting business.

Casey holds a Bachelor of Engineering (Civil) from Swinburne University.

INTEREST IN SHARES

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

NAME	SHARES
David Ashmore	260,000
Darren Hotchkin	5,292,775
David Cleland	120,500

DIVIDENDS

No interim or final dividend was paid or declared for the financial year ended 30 June 2014.

No interim or final dividend was declared or paid for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

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

Products and services the Company provides includes flexible guide posts; rubber-based traffic calming products including separation kerbing and wheel stops; variable messaging sign boards; decorative and standard street and freeway light poles; permanent and temporary crash cushions and safety barriers; and guardrail and wire rope safety barriers.

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

REVIEW AND RESULTS OF OPERATIONS

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the 2013-14 year, there has been no significant change in the Company's state of affairs other than as disclosed in this financial report.

SIGNIFICANT EVENTS AFTER REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2014 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

OPTIONS

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

DIRECTORS' REPORT

REMUNERATION REPORT

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

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS

Total remuneration for non-executive Directors for 2013-14 was \$149,999. Their remuneration packages comprised only fixed Directors' fees plus statutory superannuation (where applicable) and were within the limits set out in the Company's constitution. Currently this limit is set at \$350,000 per annum, and can only be changed at a general meeting.

EXECUTIVE DIRECTOR

The remuneration package for Mr Darren Hotchkin, Chief Executive Officer, comprised a total full-time equivalent salary package of \$250,000, inclusive of superannuation, and also a Short Term Incentive ("STI"). Mr Hotchkin's actual working hours varied during the year which resulted in his base salary being adjusted on a prorate basis.

The STI was structured as a cash bonus and was a mechanism upon the Company achieving an above budget Profit before Tax ("PBT") for FY2014. Under the STI, if the PBT exceeded \$200,000 but was less than \$640,000, then the cash bonus would be equal to one third of the difference between the Actual PBT and Budget PBT multiplied by 70%. If the PBT exceeded \$640,000, then the cash bonus would be equal to one third of the difference between the Actual PBT and Budget PBT multiplied by 35%.

As the Company did not achieve a PBT above Budget for FY2014, no bonus incentive was paid or payable.

KEY MANAGEMENT PERSONNEL

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

PERFORMANCE-BASED REMUNERATION

Performance-based remuneration (bonus incentives) for Key management personnel (apart from Mr Hotchkin) for the year ended 30 June 2014 was based on the Company performance (PBT) exceeding budget. As the Company did not exceed budgeted PBT for FY2014, there was no performance-based remuneration (bonus incentives) paid or payable to key management personnel for the year.

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

	2014	2013	2012	2011	2010
EPS (cents)	(3.6)	(5.3)	(35.5)	2.9	7.8
Net profit/(loss) (\$)	(930,978)	(1,388,899)	(9,219,362)	747,672	2,035,154
Share price (\$)	\$0.13	\$0.06	\$0.09	\$0.22	\$0.44

EMPLOYMENT CONTRACTS

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

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2014

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Fringe Benefits	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
D Ashmore	70,175	-	-	-	6,491	-	-	76,666	-
D Cleland	60,000	-	-	-	-	-	-	60,000	-
G Bertuch *	12,204	-	-	-	1,129	-	-	13,333	-
Executive Director									
D Hotchkin	188,576	-	-	-	14,218	3,848	-	206,642	-
Executives									
P Fearn	170,000	-	-	-	15,725	2,833	-	188,558	-
P Williams	153,062	16,938	-	-	15,725	2,833	-	188,558	-
C McMaster	144,254	25,746	-	-	15,604	2,833	-	188,437	-
H Webb	170,000	-	-	-	15,725	2,833	-	188,558	-
P Rogers *	85,000	-	-	41,678	9,274	-	-	135,952	-
Total	1,053,271	42,684	-	41,678	93,891	15,180	-	1,246,704	

* departed during the year

DIRECTORS' REPORT

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2013

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Fringe Benefits	Cash Bonus	Termination Payment	Super-annuation				
					Long Service Leave	Options			
	\$	\$	\$	\$	\$	\$	\$	%	
Non Executive Directors									
G Bertuch	71,546	-	-	-	6,439	-	77,985	-	
D Cleland	55,000	-	-	-	-	-	55,000	-	
D Ashmore [^]	33,485	-	-	-	3,015	-	36,500	-	
D Smith *	19,174	-	-	-	1,726	-	20,900	-	
Executive Director									
D Hotchkin	233,530	-	-	-	16,470	3,871	253,871	-	
Executives									
P Fearn	170,000	-	-	-	15,300	2,833	188,133	-	
P Williams	152,660	17,340	-	-	15,300	2,833	188,133	-	
C McMaster	144,910	25,414	-	-	14,976	2,833	188,133	-	
H Webb [^]	27,243	-	-	-	2,452	427	30,122	-	
P Rogers [^]	27,243	-	-	-	2,452	427	30,122	-	
Total	934,791	42,754	-	-	78,130	13,224	1,068,899		

* departed during the year

[^] commenced during the year

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shares held in Saferoads Holdings Limited:

	Balance at 1 July 2013	Acquired	Sold	Other*	Balance at 30 June 2014
Directors					
G Bertuch *	20,000	-	-	(20,000)	-
D Hotchkin	5,192,775	100,000	-	-	5,292,775
D Ashmore	-	260,000	-	-	260,000
D Cleland	69,500	51,000	-	-	120,500
Executives					
P Fearn	-	10,000	-	-	10,000
P Williams	-	-	-	-	-
C McMaster	-	-	-	-	-
H Webb	-	118,928	-	-	118,928
P Rogers	-	-	-	-	-
Total	5,282,275	539,928	-	(20,000)	5,802,203

	Balance at 1 July 2012	Acquired	Sold	Other*	Balance at 30 June 2013
Directors					
G Bertuch	20,000	-	-	-	20,000
D Hotchkin	5,192,775	-	-	-	5,192,775
D Smith *	1,227,580	-	-	(1,227,580)	-
D Ashmore	-	-	-	-	-
D Cleland	19,500	50,000	-	-	69,500
Executives					
P Fearn	-	-	-	-	-
P Williams	-	-	-	-	-
C McMaster	-	-	-	-	-
H Webb	-	-	-	-	-
P Rogers	-	-	-	-	-
Total	6,459,855	50,000	-	(1,227,580)	5,282,275

* up to resignation date

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the numbers of meeting attended by each Director, were as follows:

Names	Directors		Audit & Risk		Remuneration / Nomination	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr D Ashmore	14	14	5	5	1	1
Mr D Hotchkin	14	14	-	-	-	-
Mr D Cleland	14	14	5	5	1	1
Mr G Bertuch	1	1	-	-	-	-

DIVERSITY REPORT

Saferoads has developed and set in place a diversity policy that will influence all personnel recruitment. A copy of this policy is located on the Company's web site (www.saferoads.com.au) under the Investor Relations icon.

In respect of gender diversity the Company's goal is to maintain the current level of diversity across the Company and increase this level over time as the business expands.

The Company is an equal opportunity employer recruiting the best available staff from as wide a pool as possible.

The table below shows the gender balance within the Company in September 2013 and the date of this report.

	September 2013		August 2014	
	Male (%)	Female (%)	Male (%)	Female (%)
Board of Directors	100.0%	0.0%	100.0%	0.0%
Senior management*	83.3%	16.7%	80.0%	20.0%
Non-senior management	84.0%	16.0%	91.7%	8.3%
Total Company wide	84.8%	15.2%	90.9%	9.1%

* Senior Management is defined as Key Management Personnel and the Company Secretary

AUDITOR'S INDEPENDENCE DECLARATION

The attached independence declaration has been obtained from the Company's auditors, Grant Thornton.

Signed in accordance with a resolution of Directors



David Ashmore
Director
Drouin
27 August, 2014



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**Auditor's Independence Declaration
 To the Directors of Saferoads Holdings Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Saferoads Holdings Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
 Chartered Accountants



M. A. Cunningham
 Partner - Audit & Assurance

Melbourne, 27 August 2014

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Saferoads Holdings Limited is responsible for the corporate governance of the Saferoads group. The Board has considered the ASX Corporate Governance Principles and Recommendations (“ASX Governance Principles”) and reports on compliance with these Principles.

This Corporate Governance Statement is based on the policies and practices in place and endorsed by the Board. The Board’s objective is to ensure investor confidence in the Company and its operations given its size, stage of development and complexity.

The Company has a Corporate Governance Charter, a copy of which is located on the Company’s website (www.saferoads.com.au) under the Investor Relations icon.

The Board advises that it complies with the ASX Corporate Governance Principles set out below where stated and provides explanations in accordance with “if not, why not” reporting practices.

ROLES OF BOARD AND MANAGEMENT

The Company has established the functions reserved for the Board and those delegated to Management which is detailed in the Company’s Corporate Governance Charter and published on the Company’s website.

The primary responsibilities of the Board are to:

- determine the strategic direction of the Company,
- set financial targets,
- monitor the implementation and execution of strategy and performance against financial targets, and
- appoint and oversee the performance of executive management.

The Board has delegated day-to-day management responsibility to the Chief Executive Officer and his management team, reserving to itself the functions of strategic oversight and managerial guidance. Senior management responsibilities have been clearly set out in letters of appointment, position descriptions and employment contracts.

In essence, it is the responsibility of Management to manage the day to day operation of the business, ensuring that key performance indicators and financial measures are met, whilst also managing the Company in accordance with the strategies, plans and policies approved by the Board. The Board has also delegated to Management the responsibility for identifying areas of organic and acquisition growth, and developing appropriate business cases for board review and strategic decision making.

The Board accepts its responsibility for ensuring the management team performs to a consistently high standard. This is achieved through monthly board meetings where monthly performance reports are received and reviewed, and through regular briefings from Senior Management on progress in strategic developments.

DIRECTOR AND SENIOR EXECUTIVE APPOINTMENTS

The Company will undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director. Further, the Company is committed to providing shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company ensures there is a written agreement in place for each director and senior executive of the Company which sets out the terms of their appointment including their role and responsibilities and the Company’s expectations of them.

The Company Secretary, Ms Hansen, is accountable directly to the board through the Chairman, Mr Ashmore.

The Company has a program for inducting new directors and provides appropriate professional development opportunities for directors to develop and maintain the skill and knowledge needed to perform their role as directors effectively.

BOARD STRUCTURE

The Company acknowledges the importance of having independent directors on its board and is committed to having a board whose members have the capacity to act independently, together with having the composite skills to optimise the financial and operational performance of the Saferoads group. As at the end of the 2014 Financial Year, the Board comprised two independent directors and one non-independent director.

None of the Directors deemed to be independent has any business or other relationship with the Company which could materially interfere with – or which could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

The skills, experience and expertise of each of the directors are included in the Directors’ Report. It is noted that all directors have served or are serving on other Boards.

The Chairman of the Board, Mr D Ashmore, is an independent director. Mr Ashmore has advised the Board that other positions he holds do not hinder his effective performance in the role of Chairman or pose any conflict of interest. The Chief Executive Officer is Mr D Hotchkin and there is clear delineation between their respective duties.

BOARD AND SENIOR EXECUTIVE PERFORMANCE

The Company has in place a Board Evaluation and Performance Review Self-Administered Questionnaire which is broadly aligned with the ASX Corporate Governance Principles and provides for additional comment from each of the directors. The results of the questionnaire are consolidated, and then discussed by the Board. The evaluation process for the 2014 year is currently in progress.

The Chief Executive Officer, Chief Financial Officer, General Manager - Sales and Marketing, General Manager - Workzone Rentals, and Engineering Solutions Manager are performance-evaluated by the Board on an annual basis against key performance indicators (KPIs) clearly stated in position descriptions and as updated annually.

The KPIs are primarily growth and earnings related but also address non-financial measures including quality, safety, environmental and human resource issues.

ACCESS TO EXTERNAL RESOURCES

The Directors have access to external resources including independent professional advice, as required to fully discharge their obligations as directors of the Company as detailed in the Board Charter, published on the Company’s website. The use of this resource is co-ordinated through the Chairman of the Board.

NOMINATION COMMITTEE

The Board has established a combined Remuneration and Nomination Committee which carries out the duties of both functions under the one Committee. The Remuneration and Nomination Committee Charter is available on the Company’s website.

The Board reviews its composition periodically and at least annually to ensure that it has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reasons, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisors may be used to assist in such a process. Following the appropriate checks, the Board may then appoint the most suitable candidate who must stand for election at the next annual general meeting of shareholders.

BOARD SKILLS MATRIX

The Company is in the process of preparing a skills matrix setting out the mix of skills and diversity that the board currently has and what the board would like to achieve. Further information on each director including their independence, education, experience and tenure is available in the Directors Report.

CODE OF CONDUCT

The Company has established a Code of Conduct for directors as a guide to be followed in performing their duties, with a view to enabling them to achieve the highest possible standards in the discharge of their obligations. The Code is contained in the Corporate Governance Charter, section 4.

The Company has entered into employment agreements with the Chief Financial Officer, General Manager – Sales and Marketing, General Manager - Workzone Rentals, and Engineering Solutions Manager and with other key management personnel. These agreements address issues of ethical and responsible decision-making in the performance of their respective roles in the Company.

DIVERSITY AND EQUALITY POLICY

The Company has established a Diversity and Equality Policy which enshrines diversity and equality of employment throughout all levels of the Company.

In respect to gender diversity the Company notes that it is a small to medium sized enterprise that operates largely in a manufacturing/civil installations environment. The Company recognises that a talented and diverse workforce is a key element in ongoing growth and business success and endeavours to employ the best available personnel to manage and service the Company.

A copy of the Company's Diversity and Equality Policy is located on the Company's website (www.saferoads.com.au) under the Investor Relations icon.

Having regard to the Company's size and operations and recent executive recruitments, the objectives of the Board are to maintain the current levels of gender diversity across the Company. As the opportunity to recruit across the Company arises, new appointments will be made in accordance with the Company's Diversity and Equality Policy. Performance against this objective is contained in the Directors' Report.

AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk Committee.

Grant Thornton are the appointed independent external auditor. The independent auditor reports directly to the Audit and Risk Committee, and is also required to attend the annual general meeting of the Company to answer any shareholder questions about the audit and the preparation and content of the audit report.

The Audit and Risk Committee comprises Mr D Cleland (non-executive Director and Chairman of the committee from 19 August 2013) and Mr D Ashmore (non-executive Chairman). Prior to 19 August 2013, the Committee comprised of Mr D Ashmore (Chairman of the Committee up to his appointment as Chairman of the Board), Mr D Cleland, and Mr G Bertuch up to his resignation from the Board.

Given the size of the Company and the Board, the structure of the Committee is such that all non-executive Board members are involved.

This structure is considered appropriate at this time given the size and structure of the Board.

It is noted that the Committee structure is not in compliance with the Committee's own charter which requires that the Committee comprise three Directors, the Company Secretary and the Managing Director as an invitee. The current structure of the Committee provides for only two directors rather than three.

The Audit and Risk Committee's charter provides that the purpose of the Committee is to independently verify and safeguard the integrity of the company's financial reporting and to oversee the independence of the external auditors.

Responsibilities include:

- monitoring the establishment of an appropriate internal control framework
- monitoring corporate risk assessment and compliance with internal controls
- overseeing business continuity planning and risk mitigation arrangements

- reviewing reports on any material defalcations, frauds and thefts involving the Company
- monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Secretary in relation to those requirements
- reviewing the nomination, performance and independence of the external auditors
- liaising with the external auditors and ensuring that the annual audit is conducted in an effective manner that is consistent with committee members' information and knowledge and is adequate for Shareholder needs
- reviewing management processes supporting external reporting
- reviewing financial statements and other financial information distributed externally; and
- reviewing external audit reports to ensure that, where any major deficiencies or breakdowns in controls or procedures have been identified, ensure appropriate and prompt remedial action is taken by management.

The Audit and Risk Committee's charter is contained within the Company's Corporate Governance Charter (Section 5), a copy of which is located on the Company's website (www.saferoads.com.au) under the Investor Relations icon.

Before approving Financial Statements, the Board ensures it receives a written declaration from the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act stating that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

CONTINUOUS DISCLOSURE POLICY

The Board is aware of its obligations to make timely and balanced disclosures both to the ASX and to the financial market in general. Continuous disclosure is a standing item on the agenda for each Board meeting. During the course of 2013-14 the Board made several announcements as material issues arose.

The Company has a written Continuous Disclosure Policy designed to ensure compliance with listing rules. The policy identifies the type of information that should be disclosed, the decision making process concerning the disclosure obligation, the roles and responsibilities of directors and senior management in the disclosure context, and identification of the personnel authorised to make disclosure to the ASX and to discuss corporate issues with analysts, the media, shareholders and the general public.

A copy of the Company's Continuous Disclosure Policy is located on the Company's web site (www.saferoads.com.au) under the Investor Relations icon.

SHAREHOLDER COMMUNICATION POLICY

The Company's approach to communications with shareholders is contained in Section 2.15 of the Company's Corporate Governance Charter. The Company aims to ensure that shareholders are kept informed of all major developments affecting the Company. This is achieved through compliance with the ASX continuous disclosure rules and through providing links from the Company's website to announcements made to the market via the ASX.

The Board encourages full attendance at and participation in the annual general meeting where presentations of the Company's current performance and future growth prospects are made. If shareholders are unable to attend in person, they are encouraged to appoint a proxy to exercise their voting rights on their behalf.

A copy of the Company's Corporate Governance Charter is located on the Company's website (www.saferoads.com.au) under the Investor Relations icon.

CORPORATE GOVERNANCE STATEMENT

RISK

The Company's Audit and Risk Committee focuses on both audit and risk. The Committee is responsible for ensuring that adverse risks are identified and appropriate actions put in place to mitigate those risks.

The Company has a Risk Management Policy, a copy of which is located on the Company's web site (www.saferoads.com.au) under the Investor Relations icon.

A register of material business risks has been established, risks have been analysed and evaluated, risk management processes and controls have been put in place and reporting schedules developed. The Company's risk management framework is reviewed at least annually to satisfy itself that it continues to be sound. Such a review was undertaken in 2014.

The Company is in the process of establishing a separate internal audit function and risks are continually reviewed and evaluated to ensure they are effectively managed. Senior Management has reported to the Board that it considers that the management of the Company's material business risks has been effective. Further, the Company was re-accredited with ISO 9001, 14001 and 18001 this year which included the review of processes, policies and risks associated with quality assurance, environment and safety.

REMUNERATION COMMITTEE

The Board is committed to ensuring that appropriate remuneration practices are established and followed within the Company, and that they are aligned with its Corporate Strategy. For this reason the Company has established a Remuneration and Nomination Committee.

The Committee's purpose is to advise on remuneration and issues relevant to remuneration policies and practices for Senior Management. Responsibilities include:

- Reviewing and evaluating market practices and trends in relation to remuneration relevant to the Company;
- Reviewing and making recommendations to the Board in relation to the Company's remuneration policies and practices for Senior Management; and
- Preparing for the Board any report that may be required under applicable legal or regulatory requirements in relation to remuneration matters.
- Meetings and attendance are reported in the Directors' Report.

The Remuneration and Nomination Committee is comprised of Mr D Ashmore (non-executive Director and Chairman of the committee) and Mr D Cleland. Mr G Bertuch was chairman of the committee up to his resignation from the Board on 19 August 2013.

Detailed disclosure of the remuneration of non-executive Directors, executive Directors and Senior Management is made in the remuneration report forming part of the Directors' Report.

The remuneration of the non-executive directors comprises only directors' fees and statutory superannuation. They have no other entitlement. The remuneration of the senior managers comprises a base salary, statutory superannuation and the opportunity to receive a performance bonus based on the company exceeding budget Profit Before Tax ("PBT") achieved in the financial year.

There is no scheme for retirement benefits for non-executive directors, other than for statutory superannuation for non-executive directors.

The Company does not currently have any active equity-based remuneration schemes.

A copy of the Remuneration Committee Charter is included in the Corporate Governance Charter, section 6 which is located on the Company's website (www.saferoads.com.au) under the Investor Relations icon.

Consolidated Statement of Profit or Loss and Other Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2014

	Notes	CONSOLIDATED	
		2014	2013
		\$	\$
Revenue	4	16,273,590	24,324,510
Cost of direct materials and labour		(9,011,030)	(13,862,207)
Movement in inventories		(1,180,478)	(2,413,126)
Gross profit		6,082,082	8,049,177
Other income	4	95,676	778,507
Employee benefits		(3,716,471)	(5,463,130)
Depreciation and amortisation		(471,106)	(645,737)
Finance costs		(533,943)	(617,266)
Motor vehicle costs		(440,140)	(737,357)
Occupancy costs		(426,456)	(861,561)
Restructuring costs	4	(210,283)	(394,859)
Other expenses		(1,662,284)	(2,024,853)
Profit/(loss) before income tax		(1,282,925)	(1,917,079)
Income tax benefit/(expense)	5	351,947	528,180
Net profit/(loss) for the period		(930,978)	(1,388,899)
Net profit/(loss) attributable to members of the parent		(930,978)	(1,388,899)
Other comprehensive income			
<i>Items that may be classified subsequently to profit or loss</i>			
Exchange differences on translating foreign controlled entity		8,689	15,036
Total comprehensive income for the period		(922,289)	(1,373,863)
Total comprehensive income attributable to members of the parent		(922,289)	(1,373,863)
Earnings per share		Cents	Cents
- Basic for profit/(loss) for the full year	6	(3.6)	(5.3)
- Diluted for profit/(loss) for the full year	6	(3.6)	(5.3)
Dividend paid per share (cents)	7	-	-

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position
AS AT 30 JUNE 2014

	Notes	CONSOLIDATED	
		2014	2013
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		1,354,945	2,240,533
Trade and other receivables	9	2,531,262	3,435,043
Inventories	10	2,873,782	4,054,260
Prepayments		378,563	229,840
		7,138,552	9,959,676
Assets classified as held for sale	24	2,196,578	85,567
Total Current Assets		9,335,130	10,045,243
Non-current Assets			
Property, plant and equipment	11	1,317,730	4,291,833
Intangible assets	12	708,390	475,178
Deferred tax assets	5	1,233,586	881,639
Total Non-current Assets		3,259,706	5,648,650
TOTAL ASSETS		12,594,836	15,693,893
LIABILITIES			
Current Liabilities			
Trade and other payables	13	1,316,412	2,538,491
Unearned income		151,770	223,349
Interest-bearing loans and borrowings	14	533,245	597,715
Provisions	15	415,077	603,996
Total Current Liabilities		2,416,504	3,963,551
Non-current Liabilities			
Interest-bearing loans and borrowings	14	4,542,238	5,175,095
Provisions	15	35,129	31,993
Total Non-current Liabilities		4,577,367	5,207,088
TOTAL LIABILITIES		6,993,871	9,170,639
NET ASSETS		5,600,965	6,523,254
EQUITY			
Contributed equity	16	4,130,708	4,130,708
Reserves	16	(55,878)	(64,567)
Retained earnings	16	1,526,135	2,457,113
TOTAL EQUITY		5,600,965	6,523,254

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2014

	Contributed Equity	Reserves	Retained Earnings	Total Equity
	\$	\$	\$	\$
CONSOLIDATED				
At 1 July 2012	4,130,708	(79,603)	4,135,745	8,186,850
Adjustment on correction of error	-	-	(289,733)	(289,733)
Restated total equity at 1 July 2012	4,130,708	(79,603)	3,846,012	7,897,117
Net profit/(loss) for the period	-	-	(1,388,899)	(1,388,899)
Other comprehensive income for the period	-	15,036	-	15,036
At 30 June 2013	4,130,708	(64,567)	2,457,113	6,523,254
At 1 July 2013	4,130,708	(64,567)	2,457,113	6,523,254
Net profit/(loss) for the period	-	-	(930,978)	(930,978)
Other comprehensive income for the period	-	8,689	-	8,689
At 30 June 2014	4,130,708	(55,878)	1,526,135	5,600,965

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2014

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	CONSOLIDATED	
		2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		18,906,052	30,532,973
Payments to suppliers and employees		(18,720,974)	(27,623,434)
		185,078	2,909,539
Interest received		23,786	24,674
Interest paid		(537,663)	(617,180)
Income tax refund/(paid)		-	58,835
Net cash flows from operating activities	8	(328,799)	2,375,868
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		538,708	2,666,122
Purchase of property, plant and equipment		(47,948)	(489,403)
Product development costs		(296,908)	(12,898)
Net cash flows from investing activities		193,852	2,163,821
Cash flows from financing activities			
Repayment of borrowings		(751,866)	(2,981,967)
Net cash flows from financing activities		(751,866)	(2,981,967)
Net increase/(decrease) in cash and cash equivalents		(886,813)	1,557,722
Cash and cash equivalents at beginning of period		2,240,533	681,944
Effects of exchange rate changes on cash		1,225	867
Cash and cash equivalents at end of period	8	1,354,945	2,240,533

The accompanying notes form part of these financial statements

1 CORPORATE INFORMATION

Saferoads Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which is prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations of the authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has also been prepared on a historical cost basis.

Saferoads Holdings Limited is a for-profit entity for the purposes of preparing the financial statements.

(b) Statement of compliance

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual reporting periods beginning on or after 1 July 2013. Information on these new standards are presented below.

AASB10 - Consolidated Financial Statements supercedes *AASB127 Consolidated and Separate Financial Statements*, and *AASB Interpretation 112 Consolidation – Special Purpose Entities*. AASB10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements of consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged. Management has reviewed its control assessments in accordance with AASB10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB12 - Disclosure of Interests in Other Entities, integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. There is no impact on these financial statements in adopting this standard.

AASB13 - Fair Value Measurement, clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair - valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

AASB2011-4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements, makes amendments to Australian Accounting Standard *AASB 124 Related Party Disclosures*.

These amendments arise from a decision of the AASB to remove the individual key management personnel (KMP) disclosures from AASB 124 on the basis they are not part of International Financial Reporting Standards (IFRSs), which include requirements to disclose aggregate (rather than individual) amounts of KMP compensation and are considered by the AASB to be more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001.

AASB119 - Employee Benefits, has been amended, where employee benefits expected to be settled wholly (as opposed to due to be settled under the superceded version of AASB 119) within 12 months after the end of the reporting period are classified as short-term benefits, and are therefore not discounted when calculating leave liabilities.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

Accounting standards issued but not yet effective and not been adopted early by the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 9 Financial Instruments, AASB 2009 -11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012 - 6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the accounting for available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The group has not yet decided when to adopt AASB 9.

The financial statements were authorised for issue by the Directors on 27 August 2014. The Directors have the power to amend and reissue the financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the legal parent entity, Saferoads Holdings Limited and its subsidiaries ('the Group'). The separate financial statements of the parent entity have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Saferoads Holdings Limited has control.

(d) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any impairment in value.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Plant and equipment - 20% to 40%

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(g) Impairment of non-financial assets other than goodwill

The Group assesses whether there is any indication that an asset may be impaired when events or changes in circumstances indicate the carrying value may not be recoverable. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(h) Goodwill and intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated :

- represents the lowest level within the group at which the goodwill is monitored for internal management purposes, and
- is not larger than a segment based on either the group's primary or the group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of the cash - generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangibles

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the statement of profit or loss and other comprehensive income through the amortisation line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

Research and development costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of each development project is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a first-in, first-out basis;
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(j) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Cash and cash equivalents

Cash in the statement of financial position comprises cash at bank and on hand.

For the purposes of the statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Assets classified as held for sale

Assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

(m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

Interest expense is recognised as it accrues.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and benefits of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at fair value, or, if lower, at an amount equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Finance leased assets are amortised over the estimated useful life of the asset.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer, or where the customer has explicitly requested that the goods be held on their behalf.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(r) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compare the amount are those that are enacted by the statement of financial position date.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward or unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and future unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets are measured at the tax rates that are expected to apply to the year when the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

(s) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cashflows are included in the statement of cashflows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made for those benefits.

(u) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(v) Derivative Financial Instruments

The group may use derivative financial instruments such as forward currency contracts to hedge risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value at the date on which the derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income for the year.

(w) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Judgements

(i) Provision for Impairment of Receivables

Collectability of Trade Receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

(x) Going Concern

The consolidated entity has incurred an operating loss after tax of \$930,978 for the financial year ended 30 June 2014.

The Company entered into a revised borrowing facilities agreement with its financier, Commonwealth Bank of Australia, prior to the end of the previous financial year, as previously reported. The financier has agreed a debt repayment plan subject to the Company meeting its financial covenants. At reporting date, and as at the date of this report, the Company has complied with the financial covenants and the agreed debt repayment plan.

The Board acknowledges that these matters give rise to uncertainty that may be material and impact the consolidated entity's ability to continue as a going concern.

The ability of the consolidated entity to continue as a going concern is dependent on its ability to:

- continue to manage the performance of the business, including increasing sales, maintaining margins and operating cash flows and continuing to control overheads;
- secure further profitable sales contracts for its emerging products; and
- continue to meet the minimum debt repayment plan and financial covenants set by the financier

At the date of this report and having considered the above factors, the continuance of its banking relationship and the fact the Company maintains a solid share of the road safety market, the directors are confident that the consolidated entity will be able to continue as a going concern.

In the unlikely event that the above factors do not eventuate then the going concern basis may not be appropriate and as a result, the consolidated entity may have to realise assets and discharge its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

3 SEGMENT INFORMATION

The Group's chief operating decision maker (Chief Executive Officer) reviews financial information on a consolidated basis and makes strategic decisions based on this consolidated information.

The Group operates predominantly in Australia.

4 REVENUES AND EXPENSES

(a) Specific Items

Profit/(loss) before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	CONSOLIDATED	
	2014 \$	2013 \$
(i) Revenue		
Sale of goods	16,273,590	24,324,510
(ii) Other income		
Royalty income	51,779	49,017
Net gain/(loss) on sale of assets	10,151	643,354
Interest	23,786	24,674
Other	9,960	61,462
	95,676	778,507
	16,369,266	25,103,017
(iii) Expenses		
Restructuring costs incurred and provided for	210,283	394,859
Bad and doubtful debts	(10,000)	41,962
Motor vehicle costs	440,140	737,357
Occupancy costs	426,456	861,561
IT & Communication costs	225,755	274,268

Notes to the Financial Statements FOR THE YEAR ENDED 30 JUNE 2014

5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2014 are:

	CONSOLIDATED	
	2014 \$	2013 \$
Statement of Profit or Loss and Other Comprehensive Income		
Current income tax charge	(351,947)	(528,180)
Income tax expense/(benefit) reported in statement of profit or loss and other comprehensive income	(351,947)	(528,180)
A reconciliation of income tax expense applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:		
Accounting profit/(loss) before income tax	(1,282,925)	(1,917,079)
At the statutory income tax rate of 30%	(384,878)	(575,124)
Non-deductible expenses	32,931	46,944
	(351,947)	(528,180)

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive Income	
	2014 \$	2013 \$	2014 \$	2013 \$
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
<i>Deferred income tax asset/(liability)</i>				
Employee entitlements	94,229	110,300	16,071	18,301
Research & Development Costs	(208,343)	(136,862)	71,481	(26,252)
Other	-	-	-	115,149
Deferred tax assets relating to temporary differences not brought to account	114,114	26,562	(87,552)	(107,198)
Carry forward tax losses brought to account	1,233,586	881,639	-	-
Gross deferred income tax (liability)/asset	1,233,586	881,639		
Deferred income tax charge			-	-

As of 30 June 2014, the consolidated entity has carry forward tax losses with a tax effect of \$2,294,680. Carry forward tax losses with a tax effect of \$1,233,586 have been brought to account as a deferred tax asset. Carry forward tax losses with a tax effect of \$1,061,094 relating to a prior year have not been brought to account.

The consolidated entity has realised capital losses with a gross amount of \$1,697,483 that is available for offset against any future taxable capital gains.

6 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following reflects the income and share data used in the total operation's basic and diluted earnings per share computations:

	CONSOLIDATED	
	2014 \$	2013 \$
Net profit/(loss) attributable to equity holders from continuing operations	(930,978)	(1,388,899)
Net profit/(loss) attributable to equity holders of the parent	(930,978)	(1,388,899)
Net profit/(loss) attributable to ordinary share holders for diluted earnings per share	(930,978)	(1,388,899)
Weighted average number of ordinary shares for basic earnings	26,000,000	26,000,000
Adjusted weighted average number of ordinary shares for diluted earnings per share	26,000,000	26,000,000
	Cents	Cents
- Basic for profit/(loss) for the full year	(3.6)	(5.3)
- Diluted for profit/(loss) for the full year	(3.6)	(5.3)

For the purpose of calculating earnings and dividends per share, it is the ordinary shares of the legal parent that is used, being the proportionate weighting of the 26,000,000 shares on issue.

7 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	2014 \$	2013 \$
Equity dividends on ordinary shares:		
Interim franked dividend for 2014: 0.0 cents (2013: 0.0 cents)	-	-
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2014: 0.0 cents (2013: 0.0 cents)	-	-
Franking Credit Balance:		
The amount of franking credits available for future reporting periods after the payment of income tax payable and the impact of dividends proposed.	5,391,050	5,391,050

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

8 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2014	2013
	\$	\$
Reconciliation of cash		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	1,354,945	2,240,533
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	(930,978)	(1,388,899)
Adjustments for:		
Depreciation and amortisation	471,106	645,737
Impairment of plant and equipment	29,612	-
Net (profit)/loss on disposal of plant and equipment	(10,151)	(643,354)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	903,781	3,346,991
(Increase)/decrease in inventories	1,180,478	1,668,187
(Increase)/decrease in other assets	(148,723)	282,347
Decrease/(increase) in deferred tax asset	(351,947)	(522,827)
(Decrease)/increase in trade and other payables	(1,214,615)	(1,238,188)
(Decrease)/increase in unearned income	(71,579)	144,597
(Decrease)/increase in provisions	(185,783)	81,277
Net cash from operating activities	(328,799)	2,375,868
9 TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	2,437,497	3,302,957
Other receivables	120,516	210,627
Provision for impairment	(26,751)	(78,541)
	2,531,262	3,435,043
Ageing of trade receivables not impaired		
1 - 30 days	1,499,291	1,953,616
31 - 60 days	739,402	825,565
61 - 90 days	139,431	141,543
91 days and over	32,622	303,692
	2,410,746	3,224,416
Trade receivables are non-interest bearing. Amounts over 60 days are deemed overdue.		
Movement in provision for impairment		
Balance at the beginning of financial year	78,541	250,000
Amounts written off	(41,790)	(211,459)
Additional impairment provision recognised/(released)	(10,000)	40,000
	26,751	78,541
10 INVENTORIES		
Stock on hand	2,873,782	4,054,260

11 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2014	2013
	\$	\$
Plant & equipment at cost	3,540,626	7,713,426
Less accumulated depreciation	(2,222,896)	(3,421,593)
Total property, plant & equipment	1,317,730	4,291,833

Movement in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year.

	Plant & Equipment	Total
	\$	\$
Balance at 1 July 2012	4,682,481	4,682,481
Additions	551,232	551,232
Assets transferred from Product development costs	23,683	23,683
Depreciation expense	(596,993)	(596,993)
Reclassified as held for sale (refer Note 24)	(85,567)	(85,567)
Disposals	(283,003)	(283,003)
Carrying amount at 30 June 2013	4,291,833	4,291,833
Balance at 1 July 2013	4,291,833	4,291,833
Additions	134,613	134,613
Depreciation expense	(407,409)	(407,409)
Impairment	(29,612)	(29,612)
Reclassified as held for sale (refer Note 24)	(2,607,050)	(2,607,050)
Disposals	(64,645)	(64,645)
Carrying amount at 30 June 2014	1,317,730	1,317,730

	CONSOLIDATED	
	2014	2013
	\$	\$
12 INTANGIBLE ASSETS		
License Agreements at cost	73,677	73,677
Less accumulated amortisation	(59,763)	(54,704)
	13,914	18,973
Product development costs	842,945	563,809
Less accumulated amortisation	(148,469)	(107,604)
	694,476	456,205
	708,390	475,178

Movements in Carrying Amounts

	Licence agreements	Product Devt Costs	Total
	\$	\$	\$
Balance at 1 July 2012	24,032	543,713	567,745
Capitalisation of costs	-	12,898	12,898
Amortisation expense	(5,059)	(43,685)	(48,744)
Transfers to Property, plant & equipment	-	(23,683)	(23,683)
Disposals	-	(33,038)	(33,038)
Carrying amount at 30 June 2013	18,973	456,205	475,178
Balance at 1 July 2013	18,973	456,205	475,178
Capitalisation of costs	-	296,909	296,909
Amortisation expense	(5,059)	(58,638)	(63,697)
Carrying amount at 30 June 2014	13,914	694,476	708,390

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2014	2013
	\$	\$
Trade payables	1,118,238	2,192,333
Accrued expenses	109,632	322,363
GST payable	88,542	23,795
	1,316,412	2,538,491

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

14 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2014	2013
	\$	\$
Current		
Hire purchase	33,245	147,715
Bank loans	500,000	450,000
	533,245	597,715
Non-current		
Hire purchase	42,238	25,095
Bank loans	4,500,000	5,150,000
	4,542,238	5,175,095

The Group was in compliance with its reporting covenants at 30 June 2014 and is subject to a scheduled debt repayment plan. Therefore, in accordance with Australian Accounting Standard AASB 101, the Company's long term loans are classified as current and non-current according to those amounts due within 12 months and those due after 12 months.

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

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2014	2013
Total facilities:		
- bank bills	5,000,000	5,600,000
- bank charge card	150,000	150,000
- trade facilities including bank guarantees	117,419	357,087
Facilities used at reporting date		
- bank bills	5,000,000	5,600,000
- bank charge card	96,000	129,000
- bank guarantees	74,193	232,678
Facilities unused at reporting date		
- bank charge card	54,000	21,000
- bank guarantees	43,226	124,409

The bank facilities are secured by a registered charge over the whole of its assets and undertakings, and also a registered charge over the assets and undertakings of Saferoads Holdings Ltd.

Saferoads Pty Ltd is required to report to the Commonwealth Bank at the end of each calendar quarter regarding its compliance with Financial Covenants.

15 PROVISIONS

	CONSOLIDATED	
	2014	2013
	\$	\$
Current		
Employee benefits	278,968	335,674
Surplus lease space	27,428	268,322
Redundancies	108,681	-
	415,077	603,996
Non-Current		
Employee benefits	35,129	31,993

16 EQUITY

	CONSOLIDATED	
	2014	2013
	\$	\$
Contributed Equity		
<i>Ordinary shares</i>		
Issued and fully paid	4,130,708	4,130,708
<i>Movements in ordinary shares on issue (legal parent)</i>	Shares	
At 1 July	26,000,000	26,000,000
At 30 June	26,000,000	26,000,000

Ordinary shares carry one vote per share, either in person or by proxy, at a meeting of the Company, and carry the rights to dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

There is no current on-market buy-back of ordinary shares.

	CONSOLIDATED	
	2014	2013
	\$	\$
Retained Earnings		
Movements in retained earnings are as follows:		
Balance at 1 July	2,457,113	3,846,012
Net profit/(loss) for the year	(930,978)	(1,388,899)
Balance at 30 June	1,526,135	2,457,113

Reserves

Foreign Currency Translation Reserve

This records exchange differences arising on translation of a foreign controlled subsidiary.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise commercial bills, hire purchase contracts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations.

The totals for each category of financial instruments are as follows:

	CONSOLIDATED	
	2014	2013
	\$	\$
Financial Assets		
- Cash and cash equivalents	1,354,945	2,240,533
- Loans and receivables	2,531,262	3,435,043
Total Financial Assets	3,886,207	5,675,576
Financial Liabilities		
- Financial liabilities at amortised cost	6,391,895	8,311,301
Total Financial Liabilities	6,391,895	8,311,301

The Group has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group also monitors the market price risk arising from all financial instruments.

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The company's exposure to interest rate risk, which is the risk that the Financial Instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Interest Rate	Non Interest Bearing	Variable Interest Rate	Fixed Interest Rate Maturing		Total
				Within 1 year	1-5 years	
2014	%	\$	\$	\$	\$	\$
Financial Assets						
- Cash	2.68%	-	1,354,945	-	-	1,354,945
- Receivables	N/A	2,531,262	-	-	-	2,531,262
Total Financial Assets		2,531,262	1,354,945	-	-	3,886,207
Financial Liabilities						
- Payables	N/A	1,316,412	-	-	-	1,316,412
- Bank borrowings	9.49%	-	1,400,000	-	3,600,000	5,000,000
- Hire purchase	8.35%	-	-	33,245	42,238	75,483
Total Financial Liabilities		1,316,412	1,400,000	33,245	3,642,238	6,391,895
2013	%	\$	\$	\$	\$	\$
Financial Assets						
- Cash	2.86%	-	2,240,533	-	-	2,240,533
- Receivables	N/A	3,435,043	-	-	-	3,435,043
Total Financial Assets		3,435,043	2,240,533	-	-	5,675,576
Financial Liabilities						
- Payables	N/A	2,538,491	-	-	-	2,538,491
- Bank borrowings	8.38%	-	-	2,000,000	3,600,000	5,600,000
- Hire purchase	8.50%	-	-	147,715	25,095	172,810
Total Financial Liabilities		2,538,491	-	2,147,715	3,625,095	8,311,301

(b) Credit risk

The Group trades only with recognised, credit worthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and pre-agreed credit limits.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date recognised as financial assets is the carrying amount, net of any provisions for doubtful debts which is \$26,751 at 30 June 2014 (2013: \$78,541), as disclosed in the statement of financial position and notes to the financial statements. The company holds no collateral or security in relation to financial assets.

As at reporting date, the amount of financial assets past due, but not impaired, is \$172,053 (2013: \$445,235).

The Group does not have any material credit risk to any single debt or group of debtors under financial instruments entered into by the company.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of current working capital, bank loans, and hire purchase contracts.

Maturity analysis of financial liabilities:

2014	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
- Payables	1,316,412	-	-	1,316,412
- Bank borrowings	500,000	4,500,000	-	5,000,000
- Hire purchase	33,245	42,238	-	75,483
Total Financial Liabilities	1,849,657	4,542,238	-	6,391,895
2013	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
- Payables	2,538,491	-	-	2,538,491
- Bank borrowings	450,000	5,150,000	-	5,600,000
- Hire purchase	147,715	25,095	-	172,810
Total Financial Liabilities	3,136,206	5,175,095	-	8,311,301

(d) Fair Values

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

(e) Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The following tables show the foreign currency risk on the financial assets and liabilities of the Group's operations, denominated in currencies other than the functional currency of the operations.

2014	Net Financial Assets/(Liabilities) in AUD	
	NZD	USD
Functional Currency of Group Entity	\$	\$
Australian Dollar	4,275	-
2013	NZD	USD
Functional Currency of Group Entity	\$	\$
Australian Dollar	11,618	(5,898)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

(f) Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates on borrowings and exchange rates on purchases. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables. The following sensitivities are based on market experience over the last 12 months.

	CONSOLIDATED	
	Profit/(loss)	Equity
	\$	\$
Year Ended 30 June 2014		
+/-2% in interest rates	+/-28,000	+/-28,000
+/-5c in \$A/\$US	+/-120,000	+/-120,000
Year Ended 30 June 2013		
+/-2% in interest rates	+/-40,000	+/-40,000
+/-5c in \$A/\$US	+/-130,000	+/-130,000

18 COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED	
	2014	2013
	\$	\$
Operating Leases - properties		
Non-cancellable operating leases:		
- less than one year	298,844	622,843
- later than one year but less than five years	37,500	317,780
	336,344	940,623
Operating Leases - equipment		
Non-cancellable operating leases:		
- less than one year	18,396	23,848
- later than one year but less than five years	25,319	44,169
	43,715	68,017
Total operating lease commitments	380,059	1,008,640
Hire Purchases		
Hire purchase commitments payable:		
- less than one year	40,295	154,463
- later than one year but less than five years	45,499	26,611
	85,794	181,074
Less future finance charges	(10,311)	(8,264)
Total hire purchase liability	75,483	172,810
Reconciled to:		
Current liability	33,245	147,715
Non-current liability	42,238	25,095
	75,483	172,810

A subsidiary has given guarantees pursuant to performance of various projects and security for leased premises to third parties in the normal course of business. Where there is a likelihood of a claim and a reliable estimate of an amount can be made, provision has been raised elsewhere in the financial report.

19 SUBSIDIARIES

The consolidated financial statements include the financial statements of Saferoads Holdings Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	% equity interest		Investment	
		2014	2013	2014	2013
Saferoads Pty Ltd	Australia	100%	100%	27,030,708	27,030,708
Saferoads NZ Limited	New Zealand	100%	100%		

Note: Saferoads NZ Limited is 100% owned by Saferoads Pty Ltd and is non-operative.

20 RELATED PARTIES

Transactions with Key Management Personnel

D. Hotchkin acquired an Asset Classified as Held for Sale during the year for a market value purchase consideration of \$14,000, which was greater than the respective asset's book value.

D. Hotchkin procured Civil services at normal commercial rates totalling \$6,940 during the year.

21 AUDITORS' REMUNERATION

	2014	2013
	\$	\$
Amounts received or due and receivable by:		
- Current auditors: Grant Thornton, for the audit of the financial report	74,500	73,000
Other services (agreed upon procedures): Grant Thornton	-	10,000

22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Management Personnel

(i) Directors

David Ashmore	Non-Executive (appointed Chairman 19 August 2013)
Darren Hotchkin	Chief Executive Officer
David Cleland	Non-Executive
Gary Bertuch	Non-Executive Chairman (resigned 19 August 2013)

(ii) Executives

Peter Fearn	Chief Financial & Operations Officer
Paul Williams	National Workzone Solutions Manager / General Manager Southern Region
Casey McMaster	National Engineering Solutions Manager
Hamish Webb	General Manager, Northern Region
Peter Rogers	General Manager, Southern Region (up to 20 December 2013)

(b) Compensation of Key Management Personnel

Details of the nature and amount of each element of the remuneration of Key Management Personnel ("KMP") are disclosed in the Remuneration Report section of the Directors' Report.

	2014	2013
	\$	\$
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	1,095,955	977,545
- Post-employment benefits	93,891	78,130
- Long-term employee benefits	15,180	13,224
- Termination benefits	41,678	-
	1,246,704	1,068,899

23 PARENT ENTITY DISCLOSURES

	2014 \$	2013 \$
Current assets	2,923	2,923
Total assets	27,036,766	27,036,766
Current liabilities	-	-
Total liabilities	-	-
Net assets	27,036,766	27,036,766
Issued capital	27,030,708	27,030,708
Retained earnings	6,058	6,058
Profit/(loss) of the parent entity	-	-
Total comprehensive income of the parent entity	-	-
Guarantees entered into by the parent entity in relation to debts of its subsidiaries	-	-

24 ASSETS CLASSIFIED AS HELD FOR SALE

During the year the directors identified certain assets as held for sale other than in the ordinary course of business. These include the Company's rental barrier assets which the Company is actively seeking expressions of interest from third parties as part of a pending commercialisation of the Ironman Hybrid portable safety barrier solution, and Plant and equipment associated with the Company's civil installation services portfolio.

The prior period included assets associated with the Company's production facility and Civil services assets surplus to the Company's operational requirements.

The major classes of assets and liabilities are as follows:

	CONSOLIDATED	
	2014 \$	2013 \$
Property, plant and equipment	2,196,578	85,567

25 SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2014 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

DIRECTORS' DECLARATION

In the opinion of the Directors of Saferoads Holdings Limited and its controlled entities:

- (a) the financial statements and notes of the consolidated entity and the remuneration disclosures that are contained in the Remuneration Report that forms part of the Directors' Report are in accordance with the *Corporations Act 2001* (Cth), including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended that date; and
 - ii) complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as reported in Note 2.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* (Cth).

Signed in accordance with a resolution of the Directors.

On behalf of the Board.



David Ashmore

Director

Drouin

27 August 2014



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**Independent Auditor's Report
To the Members of Saferoads Holdings Limited**

Report on the financial report

We have audited the accompanying financial report of Saferoads Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Saferoads Holdings Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 2(x) to the financial statements which notes an operating loss after tax of \$930,978 for the year ended 30 June 2014. This condition, along with other matters set forth in Note 2(x), indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Saferoads Holdings Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 27 August 2014

The shareholder information set out below was applicable as at 30 September 2014. At this date the Company had on issue 26,000,000 ordinary shares in the company held by 691 shareholders.

SUBSTANTIAL SHAREHOLDERS

Holder name	No. of ordinary shares in which interest is held
MR DARREN JOHN HOTCHKIN & MRS JENNIFER ANN HOTCHKIN <GIPSY CREEK SUPER FUND A/C>	5,342,775
RUMINATOR PTY LTD and related entities	2,627,079

TWENTY LARGEST SHAREHOLDERS

Name	No. of shares	% Held
MR DARREN JOHN HOTCHKIN & MRS JENNIFER ANN HOTCHKIN <GIPSY CREEK SUPER FUND A/C>	5,342,775	20.55
RUMINATOR PTY LTD	1,913,849	7.36
MR DUNCAN FRANCIS SMITH	1,389,313	5.34
NLKM PTY LTD <THOMPSON FAMILY S/F A/C>	1,100,000	4.23
WAVET FUND NO 2 PTY LTD	853,665	3.28
BUSINESS MANAGEMENT & INVESTMENT PTY LTD	780,000	3.00
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	603,230	2.32
MR ROSS GEORGE YANNIS	434,000	1.67
MR GLENN SCOTT WADSWORTH & MR RICKI MARK WADSWORTH	417,330	1.61
MR DANIEL FORBES SPILLMAN	400,000	1.54
ATKONE PTY LTD	384,776	1.48
KOONUNG NOMINEES PTY LTD	350,000	1.35
MR DAVID ALBERT McCLURE ASHMORE & MRS NOLA JOY ASHMORE <DANJAY SUPERANNUATION A/C>	320,622	1.23
ROADWORX GROUP PTY LTD	279,925	1.08
CIMTECK PTY LTD <CIMTECK SUPER FUND A/C>	260,000	1.00
FLST PTY LTD	221,087	0.85
MR PHILIP BOMFORD	220,000	0.85
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	200,000	0.77
MR JAMES MACKY BEVERIDGE & MR ANTHONY CHRISTOPHER EDWARD <THE JM BEVERIDGE FAMILY A/C>	185,900	0.71
MR BILL JAULESKI & MRS YAGODA JAULESKA	182,295	0.70
	15,838,767	60.92

DISTRIBUTION OF SHAREHOLDINGS

Holdings Ranges	Holders	Total Units	%
1-1,000	128	73,837	0.28
1,001-5,000	229	734,414	2.83
5,001-10,000	114	980,821	3.77
10,001-100,000	180	5,890,693	22.66
100,001-and over	40	18,320,235	70.46
	691	26,000,000	100.00

The number of shareholders' holdings less than a marketable parcel is 214.

VOTING RIGHTS

All ordinary shares carry one vote per share.

NUMBER OF ORDINARY SHARES SUBJECT TO ESCROW

Nil.

Directors

David Ashmore (Chairman)
 Darren Hotchkin (Chief Executive Officer)
 David Cleland

Solicitors

Maddocks
 140 William Street
 Melbourne VIC 3000

Company Secretary

Elissa Hansen

Bankers

Commonwealth Bank of Australia
 Warragul VIC 3820

Registered Office

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ASX Code

SRH

ISO CERTIFICATIONS:



Certificate No.: 46Q12567



Certificate No.: 27O12567



Certificate No.: 84E12567

PROFESSIONAL AFFILIATIONS:

