APPENDIX 4E and FINANCIAL REPORT

YEAR ENDED 30 JUNE 2014

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

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.

Appendix 4E
Preliminary Final Report for the year ended 30 June 2014

Name of entity	ABN Reference
SAFEROADS HOLDINGS LIMITED	81 116 668 538

1. Reporting periods

Year ended ('current period')	Year ended ('previous corresponding period')
30 June 2014	30 June 2013

2. Results for announcement to the market

Key information	**Current period** $	Previous corresponding period $	% Change increase / (decrease)	Amount ($) increase / (decrease) $
Revenues from ordinary activities	**16,273,590**	24,324,510	-33%	(8,050,920)
Profit/(loss) from ordinary activities after tax attributable to members	**(930,978)**	(1,388,899)	-33%	457,921
Net profit/(loss) for the period attributable to members	**(930,978)**	(1,388,899)	-33%	457,921

Dividends (distributions)			Amount per share	Franked amount per share at 30% tax
Final dividend	Record Date Paid	N/A N/A	N/A	N/A
Interim dividend	Record Date Payable	N/A N/A	N/A	N/A

Supplementary comments

Commentary in respect of the results is provided in the attached Chairman's Overview and CEO's Review of Operations and Activities.

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (cents)	**18.8 cents**	23.3 cents

4. Dividends

	Date paid/payable	Amount per share	Franked amount per share at 30% tax	Amount per share of foreign source dividend	Amount $
Final dividend:	N/A	N/A	N/A	N/A	N/A
Interim dividend:	N/A	N/A	N/A	N/A	N/A

5. Dividend reinvestment plans
N/A

6. Associates and Joint Ventures
N/A

7. Foreign entities
N/A

CHAIRMAN’S OVERVIEW

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 duel 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
Drouin

27 August 2014

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.

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
Drouin

27 August 2014

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.

KEY MANAGEMENT PROFILES

Peter Fearns
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.

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**	**Perform -ance 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 Fearns	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*

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2013

	Short Term					Long Term	Share Based Payment	Total	Perform -ance 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 Fearns	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 Fearns	-	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 Fearns	-	-	-	-	-
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.

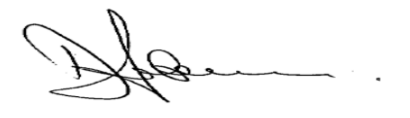
	September 2013		August 2014	
	Male (%)	Female (%)	Male (%)	Female (%)
Board of Directors	100.0%	0.0%	100.0%	0.0%
Senior management *	83.3%	16.7%	80.0%	20.0%
Non-senior management	84.0%	16.0%	91.7%	8.3%
Total Company wide	**84.8%**	**15.2%**	**90.9%**	**9.1%**

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

AUDITORS' 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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W www.grantthornton.com.au

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 27 August 2014

SAFEROADS HOLDINGS LIMITED
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			
Items that may be classified subsequently to profit or loss			
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

SAFEROADS HOLDINGS LIMITED
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

SAFEROADS HOLDINGS LIMITED
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

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Cash Flows
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.

AASB 10 - Consolidated Financial Statements supercedes *AASB 127 Consolidated and Separate Financial Statements* , and AASB Interpretation 112 Consolidation – *Special Purpose Entities.* AASB 10 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 iwth AASB 10 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.

AASB 12 - 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.

AASB 13 - 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 financila 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.

AASB 13 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.

AASB 2011-4 - 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.

AASB 119 - 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.

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.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

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.

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 cash flows, 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 outflow 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.

(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.
Cash flows are included in the statement of cash flows 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 & Communications costs	**225,755**	274,268

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				
Deferred income tax asset/(liability)				
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 as 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 shareholders 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

8 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED 2014 $	CONSOLIDATED 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)

	2014 $	2013 $
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.

	2014 $	2013 $
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

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
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

Movements 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**

12 INTANGIBLE ASSETS

	CONSOLIDATED 2014 $	2013 $
Licence 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

Movement in carrying amounts	License Agreement $	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**

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	CONSOLIDATED	
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	
Contributed Equity	**2014 $**	**2013 $**
Ordinary shares		
Issued and fully paid	**4,130,708**	4,130,708

Movements in ordinary shares on issue (legal parent)	**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.

Retained Earnings

	CONSOLIDATED	
	2014 $	**2013 $**
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.

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 Within 1 year	Fixed Interest Rate Maturing 1 to 5 years	Total
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 debtor 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:

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	$	$	$
2014				
- 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**

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	$	$	$
2013				
- 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 table shows 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.

	Net Financial Assets/(Liabilities) in AUD	
2014	**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)

(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 2014	% equity interest 2013	Investment 2014	Investment 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 Fearns	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.

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.

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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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 27 August 2014