Released 25 August 2016

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2016

Saferoads continues its sustainable business transformation

HIGHLIGHTS

- Revenue from ongoing product sales, royalties and rentals was up $2.5 million
- Underlying EBIT* of $260k, before relocation costs
- Margins have been maintained in a very competitive market place
- Generated $1.0 million in operating cash flows
- Financing costs are down 53%, with further core bank debt reduction of $504k, to $2.5 million
- Relocated to purpose-built premises to consolidate production and warehousing and better access a metropolitan employee talent pool
- Secured first international distribution agreement (in USA) realising $364k in initial royalties and an order currently in progress of $325k for FY17

FINANCIAL HEADLINES

	12 months ending		
$'000	**June 2016**	**June 2015**	**Variance %**
Revenue – product sales, royalties and rentals	**16,269**	13,761	+18.2%
Revenue – civil services	**-**	1,435	
Total revenue	**16,269**	15,196	+7.1%
Underlying EBIT *	**260**	239	+8.8%
Finance costs	**210**	443	-52.6%
Profit/(loss) before tax (excluding relocation costs)	**50**	(90)	
Relocation costs	**207**	-	
Profit/(loss) before tax	**(157)**	(90)	
Operating cash flows	**1,022**	98	
Gearing (net debt / net debt + equity)	**24.4%**	26.1%	

** Underlying EBIT: FY16 – excludes relocation costs; FY15 – excludes restructuring costs & FY14 R&D tax rebate booked in FY15*

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2016

TRANSFORMATION PROGRESS

- We continue to invest in the transformation of the company towards acceptable and sustainable shareholder returns to the degree that is possible from operational cash flows.
- We have successfully relocated our head office to a new purpose-built facility in Pakenham to enable us to better service our growing customer base, improve operational efficiencies and better access a larger metropolitan employee talent pool.
- We have taken a solid first step into the international markets for our patented products.
- We have recruited a senior production manager to further improve factory efficiency, productivity and cost savings.
- We have successfully launched more new products including the flexible roadside sign and the solar light and pole.
- Our Ironman Hybrid rental business has been refocused towards medium-sized customers with our holistic service offering, designed to meet their specific application demands.
- We have continued with significant expenditure on innovative product R&D and the acquisition of sophisticated product performance and simulation software to reduce the time and costs involved with the creation of new high performance products.

SAFEROADS HOLDINGS LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET
YEAR ENDED 30 JUNE 2016

OUTLOOK

- Our current order book is solid at over $2.6 million (compared with $1.4 million at the same time last year).
- Our lighting and rental businesses are in strong growth phases that will require our careful allocation of additional working capital. Combining this with the launch of our new Variable Messaging Sign board products we should more than sustain our overall sales.
- The steps we continue to take to improve productivity should enable us to maintain our operating margins in what will remain as a very challenging domestic market where all significant sales are won through a competitive tender/quote process.
- The CEO's secondments to the USA yielded an initial agreement to distribute our key Ironman products in the United States. There is encouraging further international interest in our patented products and we anticipate more distribution agreements with overseas parties.
- We will remain focused on innovation and will continue to bring to market products with both domestic and international sales potential.
- We anticipate another year of modest profitability gain and further repair to the balance sheet.

Enquiries/Additional Information:

David Ashmore, Chairman
0418 155 500

ABOUT SAFEROADS

Saferoads is a company (ASX: SRH) specialising in providing innovative road safety solutions. Headquartered in Pakenham, Victoria, with representation across Australia and New Zealand. The company provides 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 road users.

APPENDIX 4E
and
FINANCIAL REPORT

YEAR ENDED 30 JUNE 2016

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

RELEASED 25 August 2016

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Appendix 4E
Preliminary Final Report for the year ended 30 June 2016

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 2016	30 June 2015

2. Results for announcement to the market

Key information	**Current period** $	Previous corresponding period $	% Change increase / (decrease)	Amount ($) increase / (decrease) $
Revenue from product sales, royalties and rentals	**16,268,750**	13,760,783	18%	2,507,967
Revenue from civil services	**-**	1,434,798	-100%	(1,434,798)
Total revenue from ordinary activities	**16,268,750**	15,195,581	7%	1,073,169
Profit/(loss) from ordinary activities after tax attributable to members	**(116,082)**	(72,228)	-61%	(43,854)
Net profit/(loss) for the period attributable to members	**(116,082)**	(72,228)	-61%	(43,854)

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)	**12.6 cents**	13.2 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

Dear Shareholder,

OPERATIONS OVERVIEW

On behalf of the board I am pleased to report a profit before tax and relocation costs of $50k compared with a corresponding loss before tax of $90k for the previous financial year. This reflects the ongoing sustainable business transformation and maintains a base platform to re-grow the business, having established a new headquarters during the year.

Revenue from ongoing product sales, royalties and rentals was up 18% or $2.5 million signifying the positive efforts of our sales force to provide value-add service offerings to our existing and new customers in what is still an exceedingly competitive market environment. Whilst there has been minimal changes in overall margins due to the highly competitive nature of the markets we operate in, our ability to deliver quality products and value-added solutions has allowed us to increase our market share in certain sectors. We have maintained a tight focus on cost rationalisation over the financial year but also selectively invested in areas which will provide greater longer term returns for the Company through improving factory efficiency and productivity and also establishing international markets. This has all led to the marginal improvement in overall profitability.

Finance cost reductions of 53% or $0.23 million resulted from the previous year's significant debt reduction by means of the rights issue and core bank debt reduced by a further $0.5 million (or 17%) to $2.5 million at 30 June 2016. We now have a more acceptable gearing ratio (net debt to net debt plus equity) which reduced from 26.1% at June 2015 to 24.4% as at 30 June 2016.

We generated over $1.0 million in operating cash flows during the year, maintaining adequate cash reserves to support the current working capital needs of the business as well as providing basic funding for our product innovation projects which totalled $0.26 million for the year.

The table below summarizes the transformation over the past three financial years:

	Year ending 30 June		
	2014 **$'000**	**2015** **$'000**	**2016** **$'000**
Revenue from product sales, royalties and rentals	12,894	13,761	**16,269**
Underlying EBIT *	(539)	239	**260**
Profit/(loss) before tax *(excluding relocation costs)*	(1,283)	(90)	**50**
Operating cash flows	(329)	98	**1,022**
Core bank debt **	(5,000)	(3,000)	**(2,496)**

** 2016 excludes relocation costs; 2015 excludes restructuring costs & 2014 R&D tax rebate booked in 2015; 2014 excludes restructuring costs*

*** excludes Plant & equipment hire purchase liabilities*

STRATEGIC OPPORTUNITIES

Having maintained an underlying positive earnings base in 2016, our main priority remains the growth in sales and profit. Each of our product portfolios have key budget targets in their respective market sectors and a number of initiatives are in play to continue the momentum achieved in the past financial year.

One of these initiatives relates to the increasing focus and use of alternative renewable energy sources by some of our customers which has led us to introduce new product offerings such as solar public lighting solutions and portable solar powered light towers for work zones.

Road infrastructure spending continues to grow, particularly on the eastern seaboard where there are major projects up the east coast of the country that we are participating in. Our temporary barrier portfolio in particular has positioned itself to take advantage of major road works along the Pacific Highway.

We are very pleased with the growth of our Public Lighting business, particularly its focus on the abovementioned renewable energy (solar) lighting solutions. We retain a strong market share in Victoria with urban and residential street lighting needs and have diversified into car park lighting as well.

As a result of our CEO, Mr Darren Hotchkin's secondments to the USA during the financial year, we secured our first international distribution agreement which realised an initial $0.36 million in royalties and an order worth around $0.3 million that is currently in progress and will be delivered within the next two months.

This is our initial step into the International arena and through the contacts that have been established in this region, we anticipate further developments in this space over the coming year.

We remain focussed on product development and innovation and will continue to bring to market products with both domestic and international sales potential. We've had encouraging initial sales of our flexible road-sign to numerous local government authorities. The introduction of our temporary work zone rumble-strip to various State road authorities and road contractors has reaped positive feedback from trial sites that this product has demonstrably delivered a real reduction in traffic speeds in designated road work zones.

ACKNOWLEDGMENTS

I would like to acknowledge the ongoing efforts and dedication of our staff who have not only had to work on continuing to grow this business, but also had to plan and coordinate their activities around an office and warehouse relocation in the first half of the financial year which now enables the Company to better service its growing customer base through improved operational efficiencies.

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, industry insight and hard work has contributed to our ability to execute the continued business transformation in what is still a difficult trading environment.

We are especially grateful to the CEO for his secondments to the United States during the year in building a greater understanding and creating opportunities for that market and promoting our products to interested overseas parties. This is an untapped market space for us and we anticipate further significant growth in the coming years.

Finally, I sincerely thank all our shareholders for their ongoing patience and continued support. Our primary focus remains on substantially improving the financial performance and sustainability of your company.

David Ashmore
Chairman of the Board

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS AND ACTIVITIES

PERFORMANCE DURING 2015-2016

I am very pleased to report that the Company has achieved another positive EBIT for the past financial year, which included a relocation of our headquarters to outer metropolitan Melbourne.

The Company generated annual operating revenues of $16.3 million (FY2015: $15.2 million) and an EBIT before relocation costs of $0.3 million (FY2015: $0.4 million). The past financial year was about continuing the momentum in building sales in our four key product sectors – permanent roadside products, temporary work zone products, public lighting solutions and work zone rentals. I'm pleased to report that we made significant inroads in all areas by way of sales growth, production efficiency and/or market rationalisation as we continue to adapt our business to ever-changing customer requirements. Our differentiator is that we are not just seen as a product supply business, but as a valued advisor to those customers seeking solutions to sometimes quite complex logistical situations. It's our in-depth industry knowledge and experience and our broad network of industry players that position us to be one of the premium providers of road safety solutions for any temporary or permanent purpose.

Whilst operating revenue increased 7%, this did not all convert to the bottom line as we invested in three key areas of rationalisation and future growth potential.

Firstly, we made the decision to relocate to a new purpose-built facility closer to metropolitan Melbourne. The reasons for this were threefold – it would allow us to consolidate from two production sites to one; it would reduce freight and travel costs; and provide access to a broader supply chain base and employee talent pool for recruitment needs. The overall relocation investment was $0.5 million, with $0.2 million expensed as relocation costs and a further $0.3 million of fitout, plant and equipment capitalised and financed.

Secondly, we instigated a strategy of exploring overseas market opportunities and initially targeted North America. During two secondments to the West Coast of USA, we signed up one major international road safety hardware company to distribute our Ironman™ barrier products, realising an initial royalty of $0.3 million and an additional sublicence arrangement for a region in the People's Republic of China.

Thirdly, we have recruited a senior production manager to further improve factory efficiency, productivity and cost savings. This initiative has already realised some savings through rationalising our supplier base, and improving lead times in delivering orders to customers.

Our roadside products portfolio reported annual revenue growth of 10% with improved results in our rubber traffic calming product range and the introduction of our new flexible signage offering. In addition, we secured positive feedback on initial sales and trials of our portable rumble strip product – *Roadquake* - and anticipate formal State road authority approvals and supporting specifications in the coming months.

Our temporary work zone products portfolio achieved annual revenue growth of 4%, with significant contracts for our exclusively licensed concrete barrier solution, the T-LOK™ barrier. We also had increased sales with our variable messaging sign ("VMS") trailers and we have now launched our proprietary VMS web-based management platform – *Zone2.*

Our Ironman™ Hybrid barrier rental portfolio suffered from market pressures as the major competitors reduced rental rates significantly to boost utilisation. However, utilisation rates improved towards the end of the financial year as we targeted niche second-tier road contractors requiring a more flexible barrier offering and deployment solution whereby the contractor could rely on our expertise for their work zone barrier needs. This has seen a dramatic improvement in our overall rental rates and utilisation with us achieving record monthly rental income from this product portfolio in the first month of this financial year.

Our Public Lighting solutions portfolio maintained the previous year's momentum and grew another 39% in 2016 on the back of established customer relationships and introducing new customers to our market leading supply and delivery service. In addition, we introduced a new solar lighting solution, targeted at the local government market in addressing issues associated with providing more secure public spaces in a more environmentally friendly way. We have partnered with a major international solar lighting provider to provide this unique offering which is gaining traction.

We continued our focus on innovative product research and development during the year and have invested in a sophisticated product performance and simulation software program to assist in reducing the time and costs involved with the creation of new high performance products. We have a number of projects we are currently working on to improve existing products and/or developing new products in response to the changing road safety environment for testing and commercialisation. We continue to fund these through a combination of working capital and funds received as part of the Australian Government's Research and Development tax rebate program. We believe it is imperative we maintain this innovative approach to our business where we are seeing an increasing predominance of imported products. We are striving to generate our own intellectual property and therefore keep government funds in Australia (with Australian-owned companies and employees) rather than going to offshore shareholders and workers.

LOOKING AHEAD

We anticipate another year of modest profitability gain as there continues to be pressure on all levels of government (ultimately the end asset owner) to optimise expenditure on road infrastructure.

The steps we continue to take to improve productivity should enable us to maintain our operating margins in what will remain a very challenging domestic market, where all significant sales are won through a competitive tender/quote process.

Our public lighting and rental barrier businesses are in strong growth phases that will require our careful allocation of additional working capital. Combining this with the launch of our new VMS products, we should more than sustain our overall sales levels.

We will keep building on the achievements made to date on our international markets expansion. There is encouraging interest from other overseas parties in our patented products and we anticipate more distribution agreements with overseas parties.

Finally, I would like to acknowledge the support of my fellow Directors, Senior Management Team and our staff, who have worked tirelessly to achieve another positive underlying result, despite the distraction of the relocation to a new facility. This should set us up to further enable the business to continue its transformation of improvement for the foreseeable future.

Darren Hotchkin
Chief Executive Officer

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2016.

DIRECTORS

David Ashmore	Non-Executive Chairman	Appointed 22 November 2012
Darren Hotchkin	Executive Director (CEO)	Appointed 21 October 2005
David Cleland	Non-Executive Director	Appointed 1 December 2010

DIRECTOR PROFILES

David Ashmore (Age 64) (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 and October 2015 AGM's. 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: Respiri Limited (formerly iSonia Limited).

Darren Hotchkin (Age 52)
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 presented at various International Road Federation conferences.

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

David Cleland (Age 71) (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 and November 2014 AGM's. 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.

COMPANY SECRETARIES

Sonia Joksimovic (appointed 10 August 2015)

Sonia joined Saferoads on 10 August 2015. Sonia is an experienced Chartered Secretary with over 8 years' experience across listed small caps, unlisted and private companies, specializing in governance and compliance matters.

Elissa Hansen (appointed 10 October 2013, resigned 10 August 2015)

Elissa was Company Secretary of Saferoads from 10 October 2013 to 10 August 2015 where she was employed by Boardroom Pty Ltd, the company which formerly managed 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.

KEY MANAGEMENT PROFILE

Peter Fearns
Chief Financial Officer

Peter joined Saferoads in December 2011. He has over 15 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. Prior to Saferoads he 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.

INTEREST IN SHARES

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

Name	Shares
David Ashmore	1,256,807
Darren Hotchkin	7,479,885
David Cleland	508,610

DIVIDENDS

No interim or final dividend was paid or declared for the financial year ended 30 June 2016.

No interim or final dividend was declared or paid for the financial year ended 30 June 2015.

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 and signage; rubber-based traffic calming products including separation kerbing and wheel stops; variable messaging sign boards; decorative and standard street and major road light poles; permanent and temporary crash cushions including bollards and safety barriers.

In all its activities, the Company remains focused on providing innovative 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 2015-16 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 2016 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, OFFICERS AND AUDITORS

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

The Group has not agreed to indemnify its auditors, Grant Thornton.

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 greenhouse gases and falls well below the reporting thresholds set by the National Greenhouse and Energy Reporting Act 2007.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings

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 salary information provided by various professional organisations.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS

Total remuneration for non-executive Directors for 2015-16 was $147,500**.** 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

Mr Darren Hotchkin, Chief Executive Officer, received total remuneration of $340,000 including a component of the remuneration covering his secondment to the USA for part of the financial year to establish business opportunities in that market.

Note, Mr Hotchkin's actual working hours in the prior year were reduced which resulted in a lower level of remuneration.

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 2016 was based on the Company performance (PBT) exceeding budget. As the Company did not exceed budgeted PBT for FY2016, 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.

	2016	**2015**	**2014**	**2013**	**2012**
EPS (cents)	(0.3)	(0.2)	(3.6)	(5.3)	(35.5)
Net profit/(loss) ($)	(116,082)	(72,228)	(930,978)	(1,388,899)	(9,219,362)
Share price ($)	$0.13	$0.10	$0.13	$0.06	$0.09

EMPLOYMENT CONTRACTS

Executive employment agreements have been entered into with the Chief Executive Officer and the Chief Financial Officer 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 2016

	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	47,283	-	-	-	35,217	-	-	82,500	-
D Cleland	65,000	-	-	-	-	-	-	65,000	-
Executive Director									
D Hotchkin	340,000	-	-	-	-	-	-	340,000	-
Executive *									
P Fearns	170,250	-	-	-	20,554	3,162	-	193,966	-
Total	**622,533**	**-**	**-**	**-**	**55,771**	**3,162**	**-**	**681,466**	

** Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.*

30 June 2015

	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	45,000	-	-	-	35,000	-	-	80,000	-
D Cleland	60,000	-	-	-	-	-	-	60,000	-
Executive Director									
D Hotchkin	100,000	-	-	-	9,500	-	-	109,500	-
Executive									
P Fearns	170,000	-	-	-	16,150	2,833	-	188,983	-
Total	**375,000**	**-**	**-**	**-**	**60,650**	**2,833**	**-**	**438,483**	

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shares held in Saferoads Holdings Limited:

	Balance at 1 July 2015	Acquired through On-Market trade	Sold	Balance at 30 June 2016
Directors				
D Hotchkin	7,479,885	-	-	7,479,885
D Ashmore	1,159,911	96,896	-	1,256,807
D Cleland	408,610	100,000	-	508,610
Executive				
P Fearns	18,000	15,000	-	33,000
Total	**9,066,406**	**211,896**	**-**	**9,278,302**

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	12	12	3	3	1	1
Mr D Hotchkin	12	12	-	-	-	-
Mr D Cleland	12	12	3	3	1	1

NON-AUDIT SERVICES

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 21 to the financial statements.

ROUNDING OF AMOUNTS

Saferoads Holdings Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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

25 August 2016

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Saferoads Holdings Limited for the year ended 30 June 2016, 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, 25 August 2016

CORPORATE GOVERNANCE STATEMENT

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

The Board's objective is to ensure investor confidence in the Company and its operations given its size, stage of development and complexity.

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

The Board advises that it complies with the ASX Corporate Governance Principles set out on the Company's website (www.saferoads.com.au) under the Investor Relations icon.

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

Saferoads is a company (ASX: SRH) specialising in providing innovative road safety solutions. Headquartered in Pakenham, Victoria, with representation across Australia and New Zealand. The company provides 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 road users.

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	CONSOLIDATED 2016 $	2015 $
Revenue from product sales, royalties and rentals	4	**16,268,750**	13,760,783
Revenue from civil services	4	**-**	1,434,798
		16,268,750	15,195,581
Cost of direct materials and labour		**(10,219,077)**	(9,687,461)
Movement in inventories		**(103,247)**	(120,596)
Gross profit		**5,946,426**	5,387,524
Other income	4	**113,359**	335,535
Employee benefits		**(3,230,079)**	(2,800,130)
Depreciation, amortisation and impairment of plant & equipment	4	**(450,878)**	(461,602)
Finance costs		**(209,988)**	(443,337)
Motor vehicle costs	4	**(143,533)**	(214,383)
Occupancy costs	4	**(352,703)**	(311,487)
Travel and accommodation costs	4	**(308,140)**	(139,468)
IT & Communications costs	4	**(155,863)**	(178,745)
Relocation costs		**(207,037)**	-
Restructuring costs		**-**	(56,610)
Other expenses		**(1,158,624)**	(1,207,501)
Profit/(loss) before income tax		**(157,060)**	(90,204)
Income tax benefit/(expense)	5	**40,978**	17,976
Net profit/(loss) for the period		**(116,082)**	(72,228)
Net profit/(loss) attributable to members of the parent		**(116,082)**	(72,228)
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Exchange differences on translating foreign controlled entity		**-**	(177)
Total comprehensive income for the period		**(116,082)**	(72,405)
Total comprehensive income attributable to members of the parent		**(116,082)**	(72,405)
Earnings per share		**Cents**	Cents
- Basic for profit/(loss) for the full year	6	**(0.32)**	(0.23)
- Diluted for profit/(loss) for the full year	6	**(0.32)**	(0.23)
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 2016

	Notes	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents		**808,395**	720,184
Trade and other receivables	9	**3,462,035**	3,559,759
Inventories	10	**2,649,939**	2,753,186
Prepayments		**176,297**	197,152
Total Current Assets		**7,096,666**	7,230,281
Non-current Assets			
Plant and equipment	11	**3,474,070**	3,131,925
Intangible assets	12	**771,802**	681,374
Deferred tax assets	5	**1,292,540**	1,251,562
Other non-current assets		**17,917**	-
Total Non-current Assets		**5,556,329**	5,064,861
TOTAL ASSETS		**12,652,995**	12,295,142
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**2,640,738**	2,120,965
Unearned income		**5,603**	19,162
Interest-bearing loans and borrowings	14	**659,333**	550,347
Provisions	15	**387,434**	264,406
Total Current Liabilities		**3,693,108**	2,954,880
Non-current Liabilities			
Interest-bearing loans and borrowings	14	**2,285,066**	2,556,275
Provisions	15	**39,146**	32,230
Total Non-current Liabilities		**2,324,212**	2,588,505
TOTAL LIABILITIES		**6,017,320**	5,543,385
NET ASSETS		**6,635,675**	6,751,757
EQUITY			
Contributed equity	16	**5,353,905**	5,353,905
Retained earnings	16	**1,281,770**	1,397,852
TOTAL EQUITY		**6,635,675**	6,751,757

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2016

	Contributed Equity $	Reserves $	Retained Earnings $	Total Equity $
CONSOLIDATED				
At 1 July 2014	4,130,708	(55,878)	1,526,135	5,600,965
Issue of share capital	1,248,000	-	-	1,248,000
Share issue costs	(24,803)	-	-	(24,803)
Net profit/(loss) for the period	-	-	(72,228)	(72,228)
Cessation of foreign operation	-	56,055	(56,055)	-
Other comprehensive income for the period	-	(177)	-	(177)
At 30 June 2015	5,353,905	-	1,397,852	6,751,757
At 1 July 2015	**5,353,905**	-	**1,397,852**	**6,751,757**
Net profit/(loss) for the period	-	-	**(116,082)**	**(116,082)**
Other comprehensive income for the period	-	-	-	-
At 30 June 2016	**5,353,905**	-	**1,281,770**	**6,635,675**

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	CONSOLIDATED 2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		**17,969,712**	15,880,116
Payments to suppliers and employees		**(16,743,096)**	(15,338,647)
		1,226,616	541,469
Interest received		**6,911**	21,629
Interest paid		**(211,125)**	(464,689)
Net cash flows from operating activities	8	**1,022,402**	98,409
Cash flows from investing activities			
Proceeds from sale of plant and equipment		**35,288**	407,173
Purchase of plant and equipment		**(316,088)**	(331,596)
Product development costs		**(263,752)**	(300,864)
R&D tax rebate received		**220,624**	303,990
Net cash flows from investing activities		**(323,928)**	78,703
Cash flows from financing activities			
Proceeds from issue of shares		**-**	1,248,000
Share issue costs		**-**	(24,803)
Repayment of borrowings		**(610,263)**	(2,035,070)
Net cash flows from financing activities		**(610,263)**	(811,873)
Net increase/(decrease) in cash and cash equivalents		**88,211**	(634,761)
Cash and cash equivalents at beginning of period		**720,184**	1,354,945
Cash and cash equivalents at end of period	8	**808,395**	720,184

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 Securities 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 were effective for annual reporting periods beginning on or after 1 July 2015. There was no material impact on the Group of these new and revised standards.

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 2016 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.

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 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 entity is yet to undertake a detailed assessment of the impact of *AASB 9*. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers replaces *AASB 118 Revenue, AASB 111 Construction Contracts* and some revenue-related Interpretations and is effective from 1 January 2018:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of *AASB 15*. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases replaces *AASB 117 Leases* and some lease-related Interpretations and requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. It provides new guidance on the application of the definition of lease and on sale and lease back accounting, largely retains the existing lessor accounting requirements in AASB 117 and requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities

The financial statements were authorised for issue by the Directors on 23 August 2016. 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, except for rental barrier assets which are depreciated using the prime cost method.

Plant and equipment - 5% to 50%

(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.

Any Research and Development tax rebates received or receivable are offset against the respective capitalised development costs to the extent to which they relate to the claim.

(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 uncollectable 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 reporting 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 reporting 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 $116,082 for the financial year ended 30 June 2016. This included relocation costs of $207,037 before tax (or $144,926 after tax), incurred in the current year but not expected to occur in the future.

The Company reduced core debt by $504,000 in the financial year and met its minimum repayment plan with its financier, Commonwealth Bank of Australia. The financier has agreed a debt repayment plan without the requirement of any financial covenants, apart from providing six monthly financial reports and the Company has subsequently met all its obligations under the present facility agreement.

The Company's ongoing financial turnaround in 2016 resulted from continuing to manage the performance of the business, including maintaining margins and operating cash flows and controlling overheads.

The Company should continue to secure further profitable sales contracts for its emerging products in existing and new markets and continue to meet the minimum debt repayment plan 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 continues to improve its operating earnings base, the directors are confident that the consolidated entity is able to continue as a going concern. Accordingly, the accounts have been prepared on this basis.

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.

During 2016, $3,531,985 or 22% (2015: $2,721,812 or 18%) of the Group’s revenues depended on a single customer.

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	
	2016	**2015**
	$	**$**
(i) Revenue		
Revenue from product sales and rentals	**15,904,666**	13,699,900
Product royalty income	**364,084**	60,883
Revenue from civil services	-	1,434,798
	16,268,750	15,195,581
(ii) Other income		
R&D tax rebate	**121,863**	289,277
Net gain/(loss) on sale of assets	**(21,976)**	21,605
Interest	**6,911**	21,629
Other	**6,561**	3,024
	113,359	335,535
	16,382,109	15,531,116
(iii) Expenses		
Depreciation and amortisation		
- Plant & equipment	**312,149**	394,620
- Intangible assets	**86,159**	66,982
Impairment of plant & equipment	**52,570**	-
	450,878	461,602
Relocation costs	**207,037**	-
Restructuring costs incurred and provided for	**-**	56,610
Bad and doubtful debts / (provision writeback)	**(3,743)**	(15,212)
Motor vehicle costs	**143,533**	214,383
Occupancy costs	**352,703**	311,487
Travel and accommodation costs	**308,140**	139,468
IT & Communications costs	**155,863**	178,745

5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2016 are:

	CONSOLIDATED 2016 $	2015 $
Statement of Profit or Loss and Other Comprehensive income		
Current income tax charge	**(40,978)**	(17,976)
Income tax expense/(benefit) reported in statement of profit or loss and other comprehensive income	**(40,978)**	(17,976)
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	**(157,060)**	(90,204)
At the statutory income tax rate of 30%	**(47,118)**	(27,061)
Non-deductible expenses	**6,140**	9,085
	(40,978)	(17,976)

	Statement of Financial Position 2016 $	2015 $	Statement of Profit or Loss and Other Comprehensive Income 2016 $	2015 $
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred income tax asset/(liability)				
Employee entitlements	**122,291**	88,991	**(33,300)**	5,238
Research & Development Costs	**(210,525)**	(201,756)	**8,769**	(6,587)
Other	**5,683**	165,451	**159,768**	(64,197)
Deferred tax assets relating to temporary differences not brought to account	**82,551**	(52,686)	**(135,237)**	65,546
Carry forward tax losses brought to account	**1,292,540**	1,251,562	**-**	-
Gross deferred income tax (liability)/asset	**1,292,540**	1,251,562		
Deferred income tax charge			**-**	-

As as 30 June 2016, the consolidated entity has carry forward tax losses with a tax effect of $2,353,634. Carry forward tax losses with a tax effect of $1,292,540 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 $1,832,149 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	
	2016	**2015**
	$	**$**
Net profit/(loss) attributable to equity holders from continuing operations	**(116,082)**	(72,228)
Net profit/(loss) attributable to equity holders of the parent	**(116,082)**	(72,228)
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share	**(116,082)**	(72,228)
Weighted average number of ordinary shares for basic earnings	**36,400,000**	31,613,151
Adjusted weighted average number of ordinary shares for diluted earnings per share	**36,400,000**	31,613,151
	Cents	Cents
- Basic for profit/(loss) for the full year	**(0.32)**	(0.23)
- Diluted for profit/(loss) for the full year	**(0.32)**	(0.23)

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 36,400,000 shares on issue.

7 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	2016	**2015**
	$	**$**
Equity dividends on ordinary shares:		
Interim franked dividend for 2016: 0.0 cents (2015: 0.0 cents)	**-**	-
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2016: 0.0 cents (2015: 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 2016 $	2015 $
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	**808,395**	720,184
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	**(116,082)**	(72,228)
Adjustments for:		
Depreciation and amortisation	**398,308**	461,602
Impairment of plant and equipment	**52,570**	-
Net (profit)/loss on disposal of plant and equipment	**21,976**	(21,605)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**97,724**	(1,028,497)
(Increase)/decrease in inventories	**103,247**	120,596
(Increase)/decrease in other assets	**2,938**	181,411
Decrease/(increase) in deferred tax asset	**(40,978)**	(17,976)
(Decrease)/increase in trade and other payables	**386,314**	761,284
(Decrease)/increase in unearned income	**(13,559)**	(132,608)
(Decrease)/increase in provisions	**129,944**	(153,570)
Net cash from operating activities	**1,022,402**	98,409

Non-cash financing and investing activities

During the year, the Group acquired property, plant and equipment with an aggregate value of $448,040 (2015: $66,209) by means of finance leases.

9 TRADE AND OTHER RECEIVABLES (CURRENT)

	2016 $	2015 $
Trade receivables	**3,191,402**	3,151,384
Other receivables	**270,633**	412,210
Provision for impairment	**-**	(3,835)
	3,462,035	3,559,759

Ageing of trade receivables not impaired	2016 $	2015 $
1 - 30 days	**1,886,760**	2,190,961
31 - 60 days	**1,154,916**	941,682
61 - 90 days	**147,226**	14,906
91 days and over	**2,500**	-
	3,191,402	3,147,549

Trade receivables are non-interest bearing. Amounts over 60 days are deemed overdue.

Movement in provision for impairment	2016 $	2015 $
Balance at the beginning of financial year	**3,835**	26,751
Amounts written off	**-**	(7,704)
Additional impairment provision recognised/(released)	**(3,835)**	(15,212)
	-	3,835

	CONSOLIDATED 2016 $	2015 $
10 INVENTORIES		
Stock on hand	**2,649,939**	2,753,186

11 PLANT AND EQUIPMENT

	CONSOLIDATED 2016 $	2015 $
Plant & equipment at cost	**5,860,065**	5,606,403
Less accumulated depreciation	**(2,385,995)**	(2,474,478)
Total plant & equipment	**3,474,070**	3,131,925

Movements in Carrying Amounts

Movement in the carrying amounts of plant and equipment between the beginning and the end of the financial year.

Plant & equipment	CONSOLIDATED 2016 $	2015 $
Balance at beginning of year	**3,131,925**	1,317,730
Additions	**850,129**	80,536
Depreciation expense	**(312,149)**	(394,620)
Impairment	**(52,570)**	-
Reclassified from assets held for sale	**-**	2,189,471
Disposals	**(143,265)**	(61,192)
Carrying amount at 30 June	**3,474,070**	3,131,925

12 INTANGIBLE ASSETS

	CONSOLIDATED 2016 $	2015 $
Licence agreements at cost	**73,677**	73,677
Less accumulated amortisation	**(73,677)**	(64,822)
	-	8,855
Product development costs	**989,446**	882,910
Less accumulated amortisation	**(287,695)**	(210,391)
	701,751	672,519
Patents	**70,051**	-
	771,802	681,374

Movement in carrying amounts	License Agreement $	Patents $	Product Devt Costs $	Total $
Balance at 1 July 2014	13,914	-	694,476	708,390
Capitalisation of costs	-	-	300,864	300,864
R&D tax rebate allocation	-	-	(260,898)	(260,898)
Amortisation expense	(5,059)	-	(61,923)	(66,982)
Carrying amount at 30 June 2015	8,855	-	672,519	681,374
Balance at 1 July 2015	**8,855**	**-**	**672,519**	**681,374**
Capitalisation of costs	**-**	**70,051**	**193,701**	**263,752**
R&D tax rebate allocation	**-**	**-**	**(87,165)**	**(87,165)**
Amortisation expense	**(8,855)**	**-**	**(77,304)**	**(86,159)**
Carrying amount at 30 June 2016	**-**	**70,051**	**701,751**	**771,802**

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2016	**2015**
	$	**$**
Trade payables	**2,337,295**	1,683,757
Accrued expenses	**266,902**	376,983
GST payable	**36,541**	60,225
	2,640,738	2,120,965

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

14 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2016	**2015**
	$	**$**
Current		
Hire purchase	**155,333**	50,347
Bank loans	**504,000**	500,000
	659,333	550,347
Non-current		
Hire purchase	**293,066**	56,275
Bank loans	**1,992,000**	2,500,000
	2,285,066	2,556,275

The Group was in compliance with its reporting covenants at 30 June 2016 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:	**2016** **$**	**2015** **$**
Total facilities:		
- bank bills	**2,496,000**	3,000,000
- bank charge card	**75,000**	75,000
- trade facilities including bank guarantees	**-**	-
Facilities used at reporting date		
- bank bills	**2,496,000**	3,000,000
- bank charge card	**72,000**	60,000
- bank guarantees	**-**	-
Facilities unused at reporting date		
- bank charge card	**3,000**	15,000
- bank guarantees	**-**	-

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 provide the Commonwealth Bank with half yearly financial statements.

15 PROVISIONS

	CONSOLIDATED	
	2016	**2015**
	$	**$**
Current		
Employee benefits	**387,434**	264,406
Non-Current		
Employee benefits	**20,203**	32,230
Deferred rent liability	**18,943**	-
	39,146	32,230

16 EQUITY

	CONSOLIDATED	
	2016	**2015**
Contributed Equity	**$**	**$**
Ordinary shares		
Balance at beginning of period	**5,353,905**	4,130,708
2 for 5 entitlement issue	**-**	1,248,000
less share issue costs	**-**	(24,803)
Issued and fully paid	**5,353,905**	5,353,905

Movements in ordinary shares on issue (legal parent)	**No. of shares**	
Balance at beginning of the period	**36,400,000**	26,000,000
2 for 5 entitlement issue	**-**	10,400,000
At 30 June	**36,400,000**	36,400,000

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	
	2016	**2015**
	$	**$**
Movements in retained earnings are as follows:		
Balance at beginning of period	**1,397,852**	1,526,135
Net profit/(loss) for the year	**(116,082)**	(72,228)
Transfer from Reserves re: cessation of foreign operation	**-**	(56,055)
Balance at 30 June	**1,281,770**	1,397,852

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	
	2016	**2015**
	$	**$**
Financial Assets		
- Cash and cash equivalents	**826,312**	720,184
- Loans and receivables	**3,462,035**	3,559,759
Total Financial Assets	**4,288,347**	4,279,943
Financial Liabilities		
- Financial liabilities at amortised cost	**5,585,137**	5,227,587
Total Financial Liabilities	**5,585,137**	5,227,587

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
2016	**%**	**$**	**$**	**$**	**$**	**$**
Financial Assets						
- Cash	**1.36%**	**-**	**826,312**	**-**	**-**	**826,312**
- Receivables	**N/A**	**3,462,035**	**-**	**-**	**-**	**3,462,035**
Total Financial Assets		**3,462,035**	**826,312**	**-**	**-**	**4,288,347**
Financial Liabilities						
- Payables	**N/A**	**2,640,738**	**-**	**-**	**-**	**2,640,738**
- Bank borrowings	**6.52%**	**-**	**2,496,000**	**-**	**-**	**2,496,000**
- Hire purchase	**7.42%**	**-**	**-**	**155,333**	**293,066**	**448,399**
Total Financial Liabilities		**2,640,738**	**2,496,000**	**155,333**	**293,066**	**5,585,137**
2015	**%**	**$**	**$**	**$**	**$**	**$**
Financial Assets						
- Cash	2.32%	-	720,184	-	-	720,184
- Receivables	N/A	3,559,759	-	-	-	3,559,759
Total Financial Assets		3,559,759	720,184	-	-	4,279,943
Financial Liabilities						
- Payables	N/A	2,120,965	-	-	-	2,120,965
- Bank borrowings	8.98%*	-	3,000,000	-	-	3,000,000
- Hire purchase	7.02%	-	-	50,347	56,275	106,622
Total Financial Liabilities		2,120,965	3,000,000	50,347	56,275	5,227,587

** Actual interest rate at 30 June 2015 was 6.59%*

(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 nil at 30 June 2016 (2015: $3,835), 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 $149,726 (2015: $14,906).

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
	$	$	$	$
2016				
- Payables	**2,640,738**	**-**	**-**	**2,640,738**
- Bank borrowings	**504,000**	**1,992,000**	**-**	**2,496,000**
- Hire purchase	**155,333**	**293,066**	**-**	**448,399**
Total Financial Liabilities	**3,300,071**	**2,285,066**	**-**	**5,585,137**

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	$	$	$	$
2015				
- Payables	2,120,965	-	-	2,120,965
- Bank borrowings	500,000	2,500,000	-	3,000,000
- Hire purchase	50,347	56,275	-	106,622
Total Financial Liabilities	2,671,312	2,556,275	-	5,227,587

(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.

At reporting date, the Group did not hold any financial instruments denominated in foreign currencies other than the Group's functional currency (AUD).

(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 2016	**$**	**$**
+/-2% in interest rates	+/-50,000	+/-50,000
+/-5c in AUD / USD	+/-155,000	+/-155,000
Year Ended 30 June 2015	$	$
+/-2% in interest rates	+/-60,000	+/-60,000
+/-5c in AUD / USD	+/-155,000	+/-155,000

18 COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED 2016 $	2015 $
Operating Leases - properties		
Non-cancellable operating leases:		
- less than one year	**263,207**	295,070
- later than one year but less than five years	**1,177,510**	1,162,798
- later than five years	**909,305**	1,096,016
	2,350,022	2,553,884
Operating Leases - equipment		
Non-cancellable operating leases:		
- less than one year	**11,518**	18,396
- later than one year but less than five years	**17,235**	6,922
	28,753	25,319
Total operating lease commitments	**2,378,776**	2,579,203
Hire Purchases		
Hire purchase commitments payable:		
- less than one year	**185,799**	56,044
- later than one year but less than five years	**320,867**	59,267
	506,666	115,311
Less future finance charges	**(58,267)**	(8,689)
Total hire purchase liability	**448,399**	106,622
Reconciled to:		
Current liability	**155,333**	50,347
Non-current liability	**293,066**	56,275
	448,399	106,622

The Group leases its head office and warehouse facility and other interstate office sites under non-cancellable operating leases with terms ranging from 1 to 10 years.

The Group leases various warehouse and office equipment under non-cancellable operating leases with terms ranging from 4 to 5 years.

There are no material make good obligations with operating leases.

Hire purchase commitments relate to warehouse fitout, production and rental equipment, IT software and company motor vehicles.

There are no other commitments or contingent liabilities of the Group.

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 2016	2015
Saferoads Pty Ltd	Australia	**100%**	100%

20 RELATED PARTIES

Transactions with Key Management Personnel
During the financial year the Company acquired certain consumable manufacturing materials from an entity related to Mr D. Hotchkin at normal commercial rates aggregating $24,410 (2015: $14,430), with $2,628 included in Trade payables at 30 June 2016 (2015: $2,758).

21 AUDITORS' REMUNERATION

	2016 $	2015 $
Amounts received or due and receivable by:		
- Current auditors: Grant Thornton, for the audit of the financial report	**78,500**	76,500
Other services (R&D tax rebate): Grant Thornton	**18,000**	37,445

22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Management Personnel

(i) Directors

David Ashmore	Non-Executive Chairman
Darren Hotchkin	Chief Executive Officer
David Cleland	Non-Executive

(ii) Executives

Peter Fearns	Chief Financial Officer

(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.

	2016 $	2015 $
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	**622,533**	375,000
- Post-employment benefits	**55,771**	60,650
- Long-term employee benefits	**3,162**	2,833
	681,466	438,483

23 PARENT ENTITY DISCLOSURES

	2016 $	2015 $
Current assets	**-**	8,411
Total assets	**5,359,929**	6,750,757
Current liabilities	**-**	-
Total liabilities	**-**	-
Net assets	**5,359,929**	6,750,757
Issued capital	**5,353,905**	6,744,712
Retained earnings	**6,024**	6,045
Profit/(loss) of the parent entity	**(21)**	(13)
Total comprehensive income of the parent entity	**(21)**	(13)
Guarantees entered into by the parent entity in relation to debts of its subsidiaries	**-**	-

24 SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2016 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 2016 and of its performance for the year ended that date; and

   ii) complying with Accounting Standards and *Corporations Regulations 2001*.

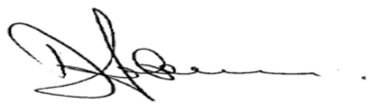
(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(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

25 August 2016

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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 2016, 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 2016 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.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. 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 2016, 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, 25 August 2016