

ANNUAL REPORT 2015

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

— — **saferoads** — —

Innovative Road Safety Solutions



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Saferoads specialises in providing innovative road safety solutions.

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



CHAIRMAN'S OVERVIEW

Dear Shareholder,

OPERATIONS OVERVIEW

On behalf of the board I am pleased to report a positive annual EBIT (Earnings Before Interest and Tax) of \$0.35 million compared with an EBIT (loss) of \$0.75 million for the previous financial year. This \$1.1 million turnaround is good progress but there is much more to be done to provide an acceptable result for shareholders. This 2015 result is consistent with the guidance provided in the Company's market update in May.

Revenue for the year from Product sales and rentals was up 7% or \$0.86 million however revenue from the now discontinued Civil Services operation was down \$2 million. The overall revenue for the year was down \$1.14 million. Further cost rationalization over the financial year also realized total savings of over \$1.5 million or 24% in expenses (excluding finance costs and depreciation). The growth in ongoing higher margin products revenues and the further cost savings have allowed the Company to achieve this positive EBIT for the year.

In terms of bottom line after tax results, the second half was an encouraging profit of \$0.08 million and combined with the first half loss of \$0.15 million the overall annual result was an after tax loss of \$0.07 million.

Finance cost reductions have been considerable with the annualized debt servicing costs now approximately \$0.25 million compared to an actual cost of \$0.53 million in 2014. This is the outcome of our reduced bank debt levels combined with the restructuring of our bank debt made possible by that debt reduction. This is a clear and tangible reward for shareholders resulting directly from the oversubscribed 12 cent Share Entitlement Offer in December 2014.

We continued our disciplined management of costs and structure to ensure we are as efficient and productive as we can be. We have progressively restructured our core sales force to drive efficiency, accountability and results and a focus on continuous improvement in everything we do. It is pleasing that this has paid off, particularly in the second half of the financial year, where we secured two major concrete temporary barrier projects, and now allows us to go into the new financial year with the ability to achieve even better results.

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

	<u>Year ending 30 June</u>		
	2013	2014	2015
	\$'000	\$'000	\$'000
Revenue	24,324	16,273	15,134
Gross profit	8,049	6,082	5,327
EBIT	(1,300)	(749)	353
Profit/(loss) before tax	(1,917)	(1,283)	(90)
Core bank debt *	(5,600)	(5,000)	(3,000)

* excludes Plant & equipment hire purchase liabilities

BALANCE SHEET AND DEBT MANAGEMENT

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

In 2015 bank debt continued to be a key focus and it was reduced by a further \$2.0 million (or 40%) from \$5.0 million to \$3.0 million at 30 June 2015. This was achieved mainly through the \$1.25 million raised from the December 2014 Share Entitlement Issue as well as the proceeds from the sale of our remaining non-core Civil Services assets.

We have secured a three year extension to our banking facilities and terminated an overly expensive fixed rate loan in favor of a more conventional variable rate facility without harsh covenant measures.

STRATEGIC OPPORTUNITIES

Having finally achieved an underlying positive earnings base in 2015, we continue the strong focus on sales and profit growth.

We have a number of strategic objectives for the year. A major initiative we have enacted is a series of short secondments to the USA for our CEO, Mr Darren Hotchkin, to further activate and accelerate sales opportunities in North America. This will be done by selecting and partnering with established road safety businesses to add our patented products to

their product offerings to economically access the very significant markets for our products in North America. The main products selected are our patented and exclusively licensed products being Ironman Hybrid, Omni bollards, Safepole and our Variable Messaging Sign (“VMS”) technology, which are ideally suited to the huge markets in North America.

We are very pleased with the expansion of our Public Lighting business from Victoria into Western Australia during FY 2015 and in the coming years we plan to expand into the northern States of New South Wales and Queensland.

The development and rollout of new products continues, with a new fully flexible road-sign, with a number of local government authorities showing interest. Also, we have introduced our unique temporary workzone rumble-strip to various State road authorities who are all keen to find a solution to reinforce speed restrictions in designated road workzones.

We have been unable to secure an acceptable sale of our Rental barrier business, incorporating our Ironman Hybrid assets. We will now focus on pursuing an aggressive expansion of our Rental business, most likely including additions to our existing fleet of barriers. We are confident that the exclusive approvals we have from the National Panel and State Road Authorities for this free-standing Ironman Hybrid places us in a very competitive position in the broader temporary barrier market.

ACKNOWLEDGMENTS

I would like to acknowledge the ongoing efforts and dedication of our staff who have continued to work tirelessly in what has finally been a year where we demonstrated we could achieve positive results. We now have a business model that is driven to succeed and I look forward to their continued assistance in taking the business further forward into a new growth phase.

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

I sincerely thank all our shareholders for their ongoing patience and continued support, particularly those who contributed strongly to the December Share Entitlement Offer. This really did enable some significant change for the business by allowing us to neutralise our poor debt equity position and allow us to better focus on growth opportunities to create greater security for the future. While it is early days, and the trading environment, particularly in Australia, is still challenging, I can assure you all that the directors, management and staff are focused on substantially improving the financial performance and sustainability of the company.



David Ashmore
Chairman of the Board

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS AND ACTIVITIES

PERFORMANCE DURING 2014 - 2015

I am very pleased to report that the Company has achieved a positive EBIT for the past financial year, a significant milestone on the back of the three past years of significant losses.

The Company generated annual operating revenues of \$15.1 million (FY2014: \$16.3 million) and an EBIT of \$0.3 million (FY2014: \$0.7 million loss). Further efficiencies in our cost base were achieved during the year with a \$1.5 million (or 24%) reduction in personnel and non-personnel costs as we continued to streamline our business model. A renegotiated extension to our bank facility following the December 2014 Share Entitlement Issue produced a significant reduction in financing costs in the second half of the year and this and other cost reduction initiatives enabled us to achieve an operating profit before tax in the second half.

Whilst overall sales volumes were down, this was largely due to the impact of the orderly wind down of our non-profitable Civil Services offering during the year. All contracts have now been concluded, surplus assets sold and relevant staff paid out (provided for in FY2014) during the past year. Excluding this portfolio, ongoing revenue streams actually increased overall by 7%.

In particular, our Temporary barriers portfolio grew revenue 42% on the back of three significant contracts (two in WA and one in NSW) for our exclusively licensed concrete barrier solution, the T-LOK™ barrier.

Additionally, our rental barrier portfolio revenue increased 29% on the back of the launch of our new Ironman™ Hybrid steel and concrete temporary barrier solution. Customers are increasingly seeing the benefits of this new portable barrier solution, and the interest will only continue to grow as we secured the final regulatory approvals during the year to be the only free-standing portable steel barrier in the Australian market today.

Our Public Lighting portfolio continued to strengthen with increased market penetration in Victoria on the back of our ever-reliable ability to deliver to our customers' needs. We also secured our first sale into the WA market during the year.

Sales of our exclusively licensed Omni-stop™ bollard continued to rise during the year as we are seeing a number of urban planners and designers specifying this world-class solution into their plans where there are traffic/pedestrian interfaces. Being the only crash-tested energy absorbing bollard in Australia, it is increasingly being seen as the ideal safety device. It is also being utilised by property construction companies for urban developments which require crane-bay access and which separates workers from regular traffic flows flexibly and safely.

LOOKING AHEAD

There is continuing pressure on all levels of government to minimise expenditure and the road infrastructure sectors of government are no exception.

This creates challenges for our business to source or develop cost efficient road safety solutions that can fit in with constrained government budgets and still provide a high quality solution and, most importantly, provide a high standard of safety for our urban streets and highways.

Some of these initiatives include our new low maintenance flexible sign for councils who spend thousands of ratepayers' dollars per year on repairing damaged and vandalised signs. The Tubthumpa flexible sign is targeting this segment with, what we believe, will save local government authorities significant maintenance expenditure and initial trials have been quite successful in demonstrating the sign's durability.

Our Public Lighting portfolio is currently developing a solar lighting offering to support local councils who come under increasing public pressure to provide safer environments around recreational parklands, sporting complexes and community hubs. Solar solutions are energy efficient and don't require the invasive civil works required to install traditional power sources to light poles, particularly in public open spaces where linking the pole to a power source can be a costly exercise.

On the topic of solar, we have brought out a new portable solar light tower and portable arrow board for workzones. These clean energy products are far more energy efficient, both in fuel use and noise levels and we have seen interest from some of the major equipment hire companies.

With our Electronic Traffic Systems, we will be rolling out a new (Australian developed) technology platform for our VMS (Variable Messaging Sign) products. The new cloud-based programme will provide a more secure and stable platform for the management of VMS assets, as well as giving our customer an easy to use and efficient web-based programme to change messages and the ability to manage their fleet using any desktop or mobile device.

This is on the back of the second year of our Zone Care technical support program. The Zone Care Package provides expert technical support and additional hardware service options, with most issues resolved in a single call, providing our customers with complete business assurance. The Zone Care package has been well received by our VMS customer base. These innovative solutions assist in maintaining our leading position in this industry on technical functionality and after sales customer care.

We will be relocating to a new-build head office and distribution warehouse in Pakenham on the south eastern fringe of metro-Melbourne during October/November. After being based in the Warragul/Drouin area since the company was founded in 1992, it is time to move closer to Melbourne to take advantage of various synergies and savings including consolidation from two sites to a single site, reduced freight and travel costs and access to a broader talent pool for recruitment. We have entered into a 10 year lease commencing 1 October 2015, and believe the relocation will provide a fresh new look for the business.

In the latter part of the financial year, in reviewing various growth opportunities for the business, the Board analysed various overseas market opportunities. This is on the back of the fact that the Australian market continues to be constrained by limitations in government spending on road infrastructure. The Board determined the area of focus will be North America (in particular, USA and Canada). With some of the international relationships developed from recent industry trade shows such as Intertraffic and International Road Federation (IRF), there were a number of compelling reasons to investigate this, including that the USA is the largest market in the world for our type of products. The USA and Canada also have the same or similar road safety standards and a similar road safety culture.

To this end, I have commenced a 3 month secondment to California to establish relationships and gain interest in our products in the USA and Canada. The main products we are focussing on will be the Ironman Hybrid barrier, Omni-stop bollard, Tubthumpa flexible signage and Variable Messaging Sign (VMS) products.

This will allow us to determine interest first-hand in our products with a view to establishing a presence in USA and/or Canada if the demand warrants it. It also allows us to identify any other product offerings in the US which may be suitable for Australian conditions.

Whilst we start commercialising some of our recent product innovations such as Ironman Hybrid and the Tubthumpa flexible sign, we still remain focussed on developing new products and solutions, one being solar public lighting.

Finally, I would like to acknowledge the support of my fellow Directors, Senior Management Team and our staff, who have continued to work tirelessly to achieve a positive result for the business for FY2015, and which should set ourselves up to now enable the business to continue to grow for the foreseeable future.



Darren Hotchkin
Chief Executive Officer

THE YEAR IN REVIEW

The following section provides some insight into the types of activities Saferoads has been involved with over the past financial year and how our innovative solutions have provided (or will provide) value to our customers.

INNOVATION

Tubthumpa flexible sign

The Tubthumpa is the latest in flexible signage from Saferoads. Extensively tested and unparalleled in durability, the Tubthumpa has an integrated sign face to stop the never ending problem of signs being damaged through vehicle impacts. Australian designed and manufactured, the Tubthumpa can be used in many different applications. A number of local councils are currently trialling this innovative solution, and initial feedback has been positive.

Not just a Keep Left sign, it is a flexible advertising board and post all in one.



Roadquake temporary portable rumble strips

In response to finding additional safety solutions for regional road workzones, Saferoads has secured the exclusive rights to a new temporary portable rumble strip product which has been extensively tested in the United States. This very unique product is currently being assessed by the NSW Roads & Maritime Services.

With the monotony of country open road driving, where driver attention spans can be tested, there have been recent incidents where drivers have not slowed down through open road workzones, even allowing for traditional roadworks signage, causing risk to roadside workers and drivers. Essentially, this product increases road user awareness by alerting drivers via sound and vibration and is an additional safety measure to slow vehicles down as they approach roadside workzones.

Initial test sites have proven positive in slowing vehicles down and we anticipate state road authorities to recommend road maintenance companies take up this traffic management safety solution for open road works.



SERVICE

Public Lighting - Victoria

One of Saferoads' major Public Lighting customers, Morton Power Services, is a client focused organisation, delivering capabilities in the construction and maintenance of overhead and underground electricity distribution networks, including the installation of street lighting and their maintenance. Saferoads commenced working with Morton Power Services in 2012 and has worked together with them in the growth of their business to see them become a major Victorian electrical contractor in the residential subdivision development industry. Saferoads has become their sole supplier of both standard and decorative light poles and lanterns and is proud to partner with this business in providing a seamless public lighting solution.

Principal, John Morton says: *"Morton Power Services is proud to have built a strong business relationship over the years with Saferoads who supply us with quality public lighting products."*



"The Saferoads staff are a customer driven team with a "can do" attitude and provide us with excellent customer service, timely and reliable information and competitive rates. We appreciate the commitment Saferoads makes to our business."



T-LOK barriers on Pacific Highway Upgrade Project – New South Wales

The Pacific Highway upgrade is one of the largest road infrastructure projects in NSW. It connects Sydney and Brisbane, and is a major contributor to Australia's economic activity.

Following our T-LOK concrete barrier approval in New South Wales, Saferoads has commenced working with contractors on this major upgrade project to provide both supply and logistics solutions for the installation of more than six kilometres of T-LOK temporary concrete barriers. We have also provided additional workzone safety solutions including variable message signs (VMS), traffic calming devices and site safety escape ladders.



THE YEAR IN REVIEW

SOLUTIONS - FOCUSED

Ironman Hybrid barrier – Western Australia

R.J. Vincent & Co. (RJV) is one of Western Australia's leading and most respected civil engineering contractors and are well known for offering their clients innovative and cost-effective solutions based on the latest technology.

During the construction of a filter lane to a new development in Western Australia, RJV used Saferoads' new Ironman Hybrid Barrier System to provide physical protection to its workers and contractors from the busy 80km/h Mandurah road traffic.

Installation of 250 metres of Ironman Hybrid Barriers and end treatments was completed efficiently during a night shift operation with minimal disruption, and without any anchoring along the length of the barriers.



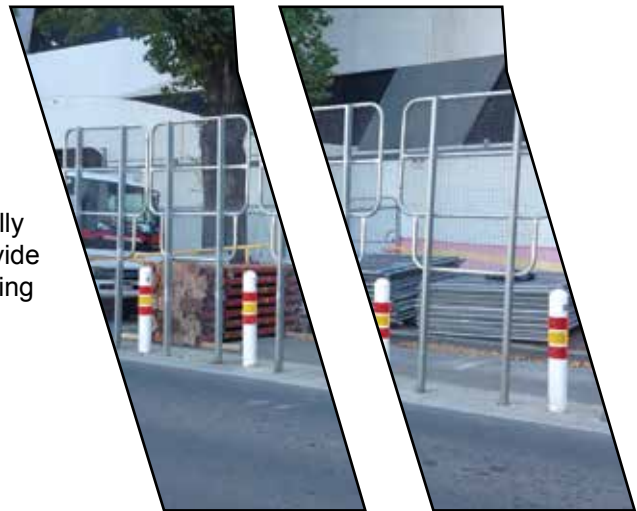
The ability to carry an aggregate 100 metres of barriers on a semi-trailer helped transport and logistics costs, especially with the project being out of the Perth metropolitan area.



Omni-stop™ bollards - Victoria

In the construction of CBD towers it is necessary to create loading bays for the delivery of building materials to the site. Providing a safe protected area for the workforce within 1.2 metres of flowing traffic is of paramount importance. Equally, the safety of pedestrians, cyclists and motorists passing the site must be addressed appropriately. The issue that continually arises on these sites is that of minimal available space to provide a protective barrier that will prevent an errant vehicle penetrating into the work zone whilst at the same time ensuring that the impacting driver is not injured.

The Omni-Stop™ bollards are also utilised where the road width is too restricted to allow for the use of concrete barriers, with mesh screens placed behind them, preventing workers from stepping back into traffic.



Alan Saunders, Traffic Transport & Parking Associate at professional infrastructure and environmental services company, Cardno, has identified that using the Omni-Stop™ energy absorbing bollards provides protection with a minimum of space. Protecting the exposed blunt end of concrete barriers, the Omni-Stop™ bollard requires less space than plastic water-filled barriers or other crash cushions. This means that deliveries by semi-trailer trucks that require wider berth access to the site can manoeuvre into position with less disruption for traffic, thereby improving productivity and safety.



QUALITY

Separation kerb - Queensland

As a leading commercial business within the Department of Transport and Main Roads, RoadTek is a major provider of transport infrastructure solutions throughout Queensland. RoadTek is instrumental in the delivery and maintenance of projects that make up the state's extensive road and bridge network and specialise in delivering technically difficult and hard to scope projects for both state and local governments.

When given the challenge of providing an appropriate solution for a busy Brisbane intersection incorporating a designated bike lane, Saferoads' separation kerb was the ideal solution.



Cinar Kunduz, Project Manager at RoadTek, is very happy with the Saferoads separation kerb solution that directs vehicles to turn correctly and not cut corners and keeps vehicles away from a designated bike lane on a high traffic volume sweeping bend.



Rubber dig-in guidepost – Western Australia

Under an Integrated Services Arrangement (ISA) awarded by Main Roads WA, Leighton Contractors, in a joint venture with Opus International Consultants, are delivering improvement and maintenance services for the Wheatbelt regional road network in Western Australia.

They are able to take multiple hits by traffic before needing replacing and are easy for the maintenance crews to remove when conducting road shoulder grading.

Leighton Opus are currently using between 3,000 and 5,000 rubber mounted guideposts per year, depending on the relevant maintenance programs. According to one of their maintenance managers, the Rubber Dig-in guideposts are favoured because they are reasonably lightweight and therefore easy for maintenance crews to carry on their maintenance vehicles.



DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2015.

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 63) (FCA GAICD F.FIN)

Non-Executive Director

(Appointed Non-Executive Chairman 19 August 2013)

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

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

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

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

Darren Hotchkin (Age 51)

Executive Director/Chief Executive Officer

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

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

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

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

David Cleland (Age 70) (Dip.ME GAICD FIE (retired))

Non-Executive Director

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

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

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

COMPANY SECRETARIES

Sonia Joksimovic

(appointed 10 August 2015)

Sonia joined Saferoads on 10 August 2015, and is employed by Boardroom Pty Ltd, the company which manages Saferoads' share registry. 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 manages Saferoads' share registry. Elissa is an experienced Chartered Secretary with over 15 years' experience advising management and boards on investor relations, governance, compliance and other corporate issues.

KEY MANAGEMENT PROFILES

Peter Fearn

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. His most recent appointment was Chief Financial Officer of a national privately-owned urban planning and property advisory business.

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

INTEREST IN SHARES

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

NAME	SHARES
David Ashmore	1,159,911
Darren Hotchkin	7,479,885
David Cleland	408,610

DIVIDENDS

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

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

DIRECTORS' REPORT

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 2014-15 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 2015 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

OPTIONS

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

DIRECTORS' 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	4	4	2	2
Mr D Hotchkin	12	11	-	-	-	-
Mr D Cleland	12	12	4	4	2	2

AUDITOR'S INDEPENDENCE DECLARATION

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

REMUNERATION REPORT

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

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS

Total remuneration for non-executive Directors for 2014-15 was \$140,000. Their remuneration packages comprised only fixed Directors' fees plus statutory superannuation (where applicable) and were within the limits set out in the Company's constitution. Currently this limit is set at \$350,000 per annum, and can only be changed at a general meeting.

EXECUTIVE DIRECTOR

The remuneration package for Mr Darren Hotchkin, Chief Executive Officer, comprised a total full-time equivalent salary package of \$109,500, inclusive of superannuation. Mr Hotchkin's actual working hours varied during the year which resulted in his base salary being adjusted from the previous year.

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 2015 was based on the Company performance (PBT) exceeding budget. As the Company did not exceed budgeted PBT for FY2015, 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.

	2015	2014	2013	2012	2011
EPS (cents)	(0.2)	(3.6)	(5.3)	(35.5)	2.9
Net profit/(loss) (\$)	(72,228)	(930,978)	(1,388,899)	(9,219,362)	747,672
Share price (\$)	\$0.10	\$0.13	\$0.06	\$0.09	\$0.22

EMPLOYMENT CONTRACTS

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

DIRECTORS' REPORT

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2015

	Short Term					Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Fringe Benefits	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
D Ashmore	45,000	-	-	-	35,000	-	-	80,000	-
D Cleland	60,000	-	-	-	-	-	-	60,000	-
Executive Director									
D Hotchkin	100,000	-	-	-	9,500	-	-	109,500	-
Executives									
P Fearn	170,000	-	-	-	16,150	2,833	-	188,983	-
Total	375,000	-	-	-	60,650	2,833	-	438,483	-

* 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. As a result of an internal restructure, Messrs Williams, McMaster, Webb and/or their successors no longer meet the definition of Key Management Personnel for 2015 and are therefore not disclosed as such.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2014

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

* departed during the year

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shares held in Saferoads Holdings Limited:

	Balance at 1 July 2014	Acquired through On-Market trade	Acquired through Entitle- ment Issue and Shortfall take-up	Sold	Balance at 30 June 2015
Directors					
D Hotchkin	5,292,775	50,000	2,137,110	-	7,479,885
D Ashmore	260,000	60,622	839,289	-	1,159,911
D Cleland	120,500	-	288,110	-	408,610
Executives					
P Fearn	10,000	-	8,000	-	18,000
Total	5,683,275	110,622	3,272,509	-	9,066,406

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

* up to resignation date

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

Signed in accordance with a resolution of Directors.



David Ashmore
Director
Drouin
26 August 2015



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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 2015, 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.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to be "M. A. Cunningham".

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 26 August 2015

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CORPORATE GOVERNANCE STATEMENT

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

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
Consolidated Statement of Profit or Loss and Other Comprehensive
Income
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	CONSOLIDATED	
		2015	2014
		\$	\$
Revenue			
Revenue from product sales and rentals	4	13,699,900	12,842,561
Revenue from civil services	4	1,434,798	3,431,029
		15,134,698	16,273,590
Cost of direct materials and labour		(9,687,461)	(9,011,030)
Movement in inventories		(120,596)	(1,180,478)
Gross profit		5,326,641	6,082,082
Other income	4	396,418	95,676
Employee benefits		(2,800,130)	(3,716,471)
Depreciation and amortisation		(461,602)	(471,106)
Finance costs		(443,337)	(533,943)
Motor vehicle costs	4	(214,383)	(440,140)
Occupancy costs	4	(311,487)	(426,456)
IT & Communications costs	4	(178,745)	(225,755)
Restructuring costs	4	(56,610)	(210,283)
Other expenses		(1,346,969)	(1,436,529)
Profit/(loss) before income tax		(90,204)	(1,282,925)
Income tax benefit/(expense)	5	17,976	351,947
Net profit/(loss) for the period		(72,228)	(930,978)
Net profit/(loss) attributable to members of the parent		(72,228)	(930,978)
Other comprehensive income			
<i>Items that may be classified subsequently to profit or loss</i>			
Exchange differences on translating foreign controlled entity		(177)	8,689
Total comprehensive income for the period		(72,405)	(922,289)
Total comprehensive income attributable to members of the parent		(72,405)	(922,289)
Earnings per share		Cents	Cents
- Basic for profit/(loss) for the full year	6	(0.23)	(3.58)
- Diluted for profit/(loss) for the full year	6	(0.23)	(3.58)
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 2015

	Notes	CONSOLIDATED	
		2015	2014
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		720,184	1,354,945
Trade and other receivables	9	3,559,759	2,531,262
Inventories	10	2,753,186	2,873,782
Prepayments		197,152	378,563
		7,230,281	7,138,552
Assets classified as held for sale	24	-	2,196,578
Total Current Assets		7,230,281	9,335,130
Non-current Assets			
Property, plant and equipment	11	3,131,925	1,317,730
Intangible assets	12	681,374	708,390
Deferred tax assets	5	1,251,562	1,233,586
Total Non-current Assets		5,064,861	3,259,706
TOTAL ASSETS		12,295,142	12,594,836
LIABILITIES			
Current Liabilities			
Trade and other payables	13	2,120,965	1,316,412
Unearned income		19,162	151,770
Interest-bearing loans and borrowings	14	550,347	533,245
Provisions	15	264,406	415,077
Total Current Liabilities		2,954,880	2,416,504
Non-current Liabilities			
Interest-bearing loans and borrowings	14	2,556,275	4,542,238
Provisions	15	32,230	35,129
Total Non-current Liabilities		2,588,505	4,577,367
TOTAL LIABILITIES		5,543,385	6,993,871
NET ASSETS		6,751,757	5,600,965
EQUITY			
Contributed equity	16	5,353,905	4,130,708
Reserves	16	-	(55,878)
Retained earnings	16	1,397,852	1,526,135
TOTAL EQUITY		6,751,757	5,600,965

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2015

	Contributed Equity \$	Reserves \$	Retained Earnings \$	Total Equity \$
CONSOLIDATED				
At 1 July 2013	4,130,708	(64,567)	2,457,113	6,523,254
Net profit/(loss) for the period	-	-	(930,978)	(930,978)
Other comprehensive income for the period	-	8,689	-	8,689
At 30 June 2014	4,130,708	(55,878)	1,526,135	5,600,965
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

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	CONSOLIDATED	
		2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		15,880,116	18,906,052
Payments to suppliers and employees		(15,338,647)	(18,720,974)
		541,469	185,078
Interest received		21,629	23,786
Interest paid		(464,689)	(537,663)
Net cash flows from operating activities	8	98,409	(328,799)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		407,173	538,708
Purchase of property, plant and equipment		(331,596)	(47,948)
Product development costs		(300,864)	(296,908)
R&D tax rebate received		303,990	-
Net cash flows from investing activities		78,703	193,852
Cash flows from financing activities			
Proceeds from issue of shares		1,248,000	-
Share issue costs		(24,803)	-
Repayment of borrowings		(2,035,070)	(751,866)
Net cash flows from financing activities		(811,873)	(751,866)
Net increase/(decrease) in cash and cash equivalents		(634,761)	(886,813)
Cash and cash equivalents at beginning of period		1,354,945	2,240,533
Effects of exchange rate changes on cash		-	1,225
Cash and cash equivalents at end of period	8	720,184	1,354,945

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 2014. 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 2015 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 group has not yet decided when to adopt AASB 9.

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 2017:

- 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 2018.

The financial statements were authorised for issue by the Directors on 26 August 2015. 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 or prime cost basis over the estimated useful life of the asset as follows:

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 \$72,228 for the financial year ended 30 June 2015.

The Company reduced core debt by 40% in the financial year and entered into a new three-year borrowing facility with its financier, Commonwealth Bank of Australia, following the December 2014 share entitlement issue, the proceeds of which were utilised to reduce debt. The financier has agreed a debt repayment plan without the requirement of any financial covenants, apart from providing six monthly financial reports. Prior to this new agreement, the Company had complied with the previous financial covenants and the former debt repayment plan and has subsequently met all its obligations under the present facility agreement.

The significant financial turnaround of the business in 2015 is as a result of the Company 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 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.

(y) Change in Accounting Policies

The Group has recognised a Research and Development ("R&D") tax rebate on an accruals basis instead of a cash basis for the first time in 2015 due to a successful claim pertaining to the 2014 financial year and continuing similar activities in the 2015 financial year.

As a result, the 2015 financial statements recognises two years of R&D tax rebates, with \$303,990 received pertaining to FY2014 (with \$170,382 recorded as income and \$133,608 recorded as an offset against Intangible assets) and \$246,184 accrued for FY2015 (with \$118,895 recorded as income and \$127,289 recorded as an offset against Intangible assets).

In accordance with note 2(h), any R&D tax rebates received or receivable are offset against the respective capitalised development costs to the extent to which they relate to the claim, with the balance recognised as Other income (refer note 4(a)(ii)).

3 SEGMENT INFORMATION

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

The Group operates predominantly in Australia.

4 REVENUES AND EXPENSES

(a) Specific Items

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

	CONSOLIDATED	
	2015	2014
	\$	\$
(i) Revenue		
Revenue from product sales and rentals	13,699,900	12,842,561
Revenue from civil services	1,434,798	3,431,029
	15,134,698	16,273,590
(ii) Other income		
R&D tax rebate	289,277	-
Royalty income	60,883	51,779
Net gain/(loss) on sale of assets	21,605	10,151
Interest	21,629	23,786
Other	3,024	9,960
	396,418	95,676
	15,531,116	16,369,266
(iii) Expenses		
Restructuring costs incurred and provided for	56,610	210,283
Bad and doubtful debts / (provision writeback)	(15,212)	(10,000)
Motor vehicle costs	214,383	440,140
Occupancy costs	311,487	426,456
IT & Communications costs	178,745	225,755

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2015 are:

	CONSOLIDATED	
	2015	2014
	\$	\$
Statement of Profit or Loss and Other Comprehensive income		
Current income tax charge	(17,976)	(351,947)
Income tax expense/(benefit) reported in statement of profit or loss and other comprehensive income	(17,976)	(351,947)
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	(90,204)	(1,282,925)
At the statutory income tax rate of 30%	(27,061)	(384,878)
Non-deductible expenses	9,085	32,931
	(17,976)	(351,947)

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive Income	
	2015	2014	2015	2014
	\$	\$	\$	\$
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
<i>Deferred income tax asset/(liability)</i>				
Employee entitlements	88,991	94,229	5,238	16,071
Research & Development Costs	(201,756)	(208,343)	(6,587)	71,481
Other	165,451	229,648	(64,197)	(246,030)
Deferred tax assets relating to temporary differences not brought to account	(52,686)	(115,534)	65,546	158,478
Carry forward tax losses brought to account	1,251,562	1,233,586	-	-
Gross deferred income tax (liability)/asset	1,251,562	1,233,586		
Deferred income tax charge			-	-

As as 30 June 2015, the consolidated entity has carry forward tax losses with a tax effect of \$2,312,656. Carry forward tax losses with a tax effect of \$1,251,562 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	
	2015	2014
	\$	\$
Net profit/(loss) attributable to equity holders from continuing operations	(72,228)	(930,978)
Net profit/(loss) attributable to equity holders of the parent	(72,228)	(930,978)
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share	(72,228)	(930,978)
Weighted average number of ordinary shares for basic earnings	31,613,151	26,000,000
Adjusted weighted average number of ordinary shares for diluted earnings per share	31,613,151	26,000,000
	Cents	Cents
- Basic for profit/(loss) for the full year	(0.23)	(3.58)
- Diluted for profit/(loss) for the full year	(0.23)	(3.58)

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	
	2015	2014
	\$	\$
Equity dividends on ordinary shares:		
Interim franked dividend for 2015: 0.0 cents (2014: 0.0 cents)	-	-
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2015: 0.0 cents (2014: 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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

8 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2015	2014
	\$	\$
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	720,184	1,354,945
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	(72,228)	(930,978)
Adjustments for:		
Depreciation and amortisation	461,602	471,106
Impairment of plant and equipment	-	29,612
Net (profit)/loss on disposal of plant and equipment	(21,605)	(10,151)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,028,497)	903,781
(Increase)/decrease in inventories	120,596	1,180,478
(Increase)/decrease in other assets	181,411	(148,723)
Decrease/(increase) in deferred tax asset	(17,976)	(351,947)
(Decrease)/increase in trade and other payables	761,284	(1,214,615)
(Decrease)/increase in unearned income	(132,608)	(71,579)
(Decrease)/increase in provisions	(153,570)	(185,783)
Net cash from operating activities	98,409	(328,799)

9 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	3,151,384	2,437,497
Other receivables	412,210	120,516
Provision for impairment	(3,835)	(26,751)
	3,559,759	2,531,262

Ageing of trade receivables not impaired

1 - 30 days	2,190,961	1,499,291
31 - 60 days	941,682	739,402
61 - 90 days	14,906	139,431
91 days and over	-	32,622
	3,147,549	2,410,746

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

Movement in provision for impairment

Balance at the beginning of financial year	26,751	78,541
Amounts written off	(7,704)	(41,790)
Additional impairment provision recognised/(released)	(15,212)	(10,000)
	3,835	26,751

10 INVENTORIES

	CONSOLIDATED	
	2015	2014
	\$	\$
Stock on hand	2,753,186	2,873,782

11 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Plant & equipment at cost	5,606,403	3,540,626
Less accumulated depreciation	(2,474,478)	(2,222,896)
Total property, plant & equipment	3,131,925	1,317,730

Movements in Carrying Amounts

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

	Plant & Equipment	Total
	\$	\$
Balance at 1 July 2013	4,291,833	4,291,833
Additions	134,613	134,613
Depreciation expense	(407,409)	(407,409)
Impairment	(29,612)	(29,612)
Reclassified as held for sale (refer Note 24)	(2,607,050)	(2,607,050)
Disposals	(64,645)	(64,645)
Carrying amount at 30 June 2014	1,317,730	1,317,730

Balance at 1 July 2014	1,317,730	1,317,730
Additions	80,536	80,536
Depreciation expense	(394,620)	(394,620)
Reclassified from held for sale (refer Note 24)	2,189,471	2,189,471
Disposals	(61,192)	(61,192)
Carrying amount at 30 June 2015	3,131,925	3,131,925

12 INTANGIBLE ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Licence agreements at cost	73,677	73,677
Less accumulated amortisation	(64,822)	(59,763)
	8,855	13,914
Product development costs	882,910	842,945
Less accumulated amortisation	(210,391)	(148,469)
	672,519	694,476
	681,374	708,390

Movement in carrying amounts

	License Agreement	Product Devt Costs	Total
	\$	\$	\$
Balance at 1 July 2013	18,973	456,205	475,178
Capitalisation of costs	-	296,909	296,909
Amortisation expense	(5,059)	(58,638)	(63,697)
Carrying amount at 30 June 2014	13,914	694,476	708,390
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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2015	2014
	\$	\$
Trade payables	1,683,757	1,118,238
Accrued expenses	376,983	109,632
GST payable	60,225	88,542
	2,120,965	1,316,412

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

14 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2015	2014
	\$	\$
Current		
Hire purchase	50,347	33,245
Bank loans	500,000	500,000
	550,347	533,245
Non-current		
Hire purchase	56,275	42,238
Bank loans	2,500,000	4,500,000
	2,556,275	4,542,238

The Group was in compliance with its reporting covenants at 30 June 2015 and is subject to a scheduled debt repayment plan. Therefore, in accordance with Australian Accounting Standard AASB 101, the Company's long term loans are classified as current and non-current according to those amounts due within 12 months and those due after 12 months.

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

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:	CONSOLIDATED	
	2015	2014
	\$	\$
Total facilities:		
- bank bills	3,000,000	5,000,000
- bank charge card	75,000	150,000
- trade facilities including bank guarantees	-	117,419
Facilities used at reporting date		
- bank bills	3,000,000	5,000,000
- bank charge card	60,000	96,000
- bank guarantees	-	74,193
Facilities unused at reporting date		
- bank charge card	15,000	54,000
- bank guarantees	-	43,226

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	
	2015	2014
	\$	\$
Current		
Employee benefits	264,406	278,968
Surplus lease space	-	27,428
Redundancies	-	108,681
	264,406	415,077
Non-Current		
Employee benefits	32,230	35,129

16 EQUITY

	CONSOLIDATED	
	2015	2014
	\$	\$
Contributed Equity		
Ordinary shares		
Balance at beginning of period	4,130,708	4,130,708
2 for 5 entitlement issue	1,248,000	-
less share issue costs	(24,803)	-
Issued and fully paid	5,353,905	4,130,708
Movements in ordinary shares on issue (legal parent)	No. of shares	
Balance at beginning of the period	26,000,000	26,000,000
2 for 5 entitlement issue	10,400,000	-
At 30 June	36,400,000	26,000,000

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

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

Retained Earnings

	CONSOLIDATED	
	2015	2014
	\$	\$
Movements in retained earnings are as follows:		
Balance at beginning of period	1,526,135	2,457,113
Net profit/(loss) for the year	(72,228)	(930,978)
Transfer from Reserves re: cessation of foreign operation	(56,055)	-
Balance at 30 June	1,397,852	1,526,135

Reserves

Foreign Currency Translation Reserve

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

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

	CONSOLIDATED	
	2015	2014
	\$	\$
Financial Assets		
- Cash and cash equivalents	720,184	1,354,945
- Loans and receivables	3,559,759	2,531,262
Total Financial Assets	4,279,943	3,886,207
Financial Liabilities		
- Financial liabilities at amortised cost	5,227,587	6,391,895
Total Financial Liabilities	5,227,587	6,391,895

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.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

(a) Interest rate risk

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

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

	Weighted Average Interest Rate	Non Interest Bearing	Variable Interest Rate	Fixed Interest Rate Maturing		Total
				Within 1 year	1 to 5 years	
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
2014	%	\$	\$	\$	\$	\$
Financial Assets						
- Cash	2.68%	-	1,354,945	-	-	1,354,945
- Receivables	N/A	2,531,262	-	-	-	2,531,262
Total Financial Assets		2,531,262	1,354,945	-	-	3,886,207
Financial Liabilities						
- Payables	N/A	1,316,412	-	-	-	1,316,412
- Bank borrowings	9.49%	-	1,400,000	-	3,600,000	5,000,000
- Hire purchase	8.35%	-	-	33,245	42,238	75,483
Total Financial Liabilities		1,316,412	1,400,000	33,245	3,642,238	6,391,895

* 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 \$3,835 at 30 June 2015 (2014: \$26,751), 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 \$14,906 (2014: \$172,053).

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
	\$	\$	\$	\$
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
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
2014				
- Payables	1,316,412	-	-	1,316,412
- Bank borrowings	500,000	4,500,000	-	5,000,000
- Hire purchase	33,245	42,238	-	75,483
Total Financial Liabilities	1,849,657	4,542,238	-	6,391,895

(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 2015	\$	\$
+/-2% in interest rates	+/-60,000	+/-60,000
+/-5c in AUD / USD	+/-155,000	+/-155,000
Year Ended 30 June 2014		
+/-2% in interest rates	+/-28,000	+/-28,000
+/-5c in AUD / USD	+/-120,000	+/-120,000

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

18 COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED	
	2015	2014
	\$	\$
Operating Leases - properties		
Non-cancellable operating leases:		
- less than one year	295,070	298,844
- later than one year but less than five years	1,162,798	37,500
- later than five years	1,096,016	-
	2,553,884	336,344
Operating Leases - equipment		
Non-cancellable operating leases:		
- less than one year	18,396	18,396
- later than one year but less than five years	6,922	25,319
	25,319	43,715
Total operating lease commitments	2,579,203	380,059
Hire Purchases		
Hire purchase commitments payable:		
- less than one year	56,044	40,295
- later than one year but less than five years	59,267	45,499
	115,311	85,794
Less future finance charges	(8,689)	(10,311)
Total hire purchase liability	106,622	75,483
Reconciled to:		
Current liability	50,347	33,245
Non-current liability	56,275	42,238
	106,622	75,483

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 3 years. Before the end of the financial year, the Company entered into a 10 year non-cancellable operating lease for a new head office and warehouse facility, commencing 1 October 2015.

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 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	
		2015	2014
Saferoads Pty Ltd	Australia	100%	100%
Saferoads NZ Limited	New Zealand	-	100%

Note: Saferoads NZ Limited was voluntarily wound-up during the year.

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 \$14,430 (2014: Nil), with \$2,758 included in Trade payables at 30 June 2015.

21 AUDITORS' REMUNERATION

	2015 \$	2014 \$
Amounts received or due and receivable by:		
- Current auditors: Grant Thornton, for the audit of the financial report	76,500	74,500
Other services (R&D tax rebate): Grant Thornton	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 Fearn	Chief Financial Officer
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(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.

	2015 \$	2014 \$
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	375,000	1,095,955
- Post-employment benefits	60,650	93,891
- Long-term employee benefits	2,833	15,180
- Termination benefits	-	41,678
	438,483	1,246,704

23 PARENT ENTITY DISCLOSURES

	2015 \$	2014 \$
Current assets	8,411	2,923
Total assets	6,750,757	5,600,965
Current liabilities	-	-
Total liabilities	-	-
Net assets	6,750,757	5,600,965
Issued capital	6,744,712	5,594,907
Retained earnings	6,045	6,058
Profit/(loss) of the parent entity	(13)	-
Total comprehensive income of the parent entity	(13)	-
Guarantees entered into by the parent entity in relation to debts of its subsidiaries	-	-

24 ASSETS CLASSIFIED AS HELD FOR SALE

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

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

A reconciliation of the movement in the major classes of assets and liabilities are as follows:

	CONSOLIDATED	
	2015	2014
	\$	\$
<i>Property, plant and equipment</i>		
Balance at the beginning of the period	2,196,578	85,567
Assets reclassified as Held for sale	-	2,607,050
Asset additions	317,968	-
Assets disposed	(325,075)	(446,542)
Assets reclassified to Property, plant and equipment *	(2,189,471)	-
Assets reclassified to Inventories	-	(49,497)
Total assets classified as held for sale	-	2,196,578

* In accordance with AASB 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the rental barrier assets have been reclassified to Property, plant and equipment (and retrospective depreciation has been charged in the current financial year) as no sale transaction has been secured within the stipulated timeframe of the Accounting Standard. Delays have occurred due to various regulatory approvals for the new *Ironman Hybrid* barrier solution and various commercial matters with prospective buyers, outside the control of the Company. The directors still believe that the sale of these assets is likely in the near term but that the timing of a transaction is, at this stage, unknown. Accordingly, these assets have been reclassified to Property, plant and equipment and are recorded at the lower of cost and net realisable value.

25 SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2015 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 2015 and of its performance for the year ended that date; and
 - ii) complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as reported in Note 2.

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

Signed in accordance with a resolution of the Directors.

On behalf of the Board.



David Ashmore

Director

Drouin

26 August 2015



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Melbourne Victoria 3000

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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 2015, 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.

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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 2015 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 Director's Report for the year ended 30 June 2015. 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 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 26 August 2015

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 August 2015. At this date the Company had on issue 36,400,000 ordinary shares in the company held by 654 shareholders.

SUBSTANTIAL SHAREHOLDERS

Holder name	No. of ordinary shares in which interest is held
MR DARREN JOHN HOTCHKIN & MRS JENNIFER ANN HOTCHKIN <GIP-SY CREEK SUPER FUND A/C>	7,479,885
RUMINATOR PTY LTD and related entities	4,376,335
MR DUNCAN FRANCIS SMITH	2,265,984
MR STEVEN DI FABRIZIO	1,821,226

TWENTY LARGEST SHAREHOLDERS

Name	No. of shares	% Held
MR DARREN JOHN HOTCHKIN & MRS JENNIFER ANN HOTCHKIN <GIPSY CREEK SUPER FUND A/C>	7,479,885	20.55
RUMINATOR PTY LTD	3,028,601	8.32
MR DUNCAN FRANCIS SMITH	2,265,984	6.22
NLKM PTY LTD <THOMPSON FAMILY S/F A/C>	1,804,409	4.96
CAON PTY LTD <NRT A/C>	1,496,264	4.11
MR DAVID ALBERT McCLURE ASHMORE & MRS NOLA JOY ASHMORE <DANJAY SUPERANNUATION A/C>	1,159,911	3.19
WAVET FUND NO. 2 PTY LTD	901,131	2.48
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	844,522	2.32
MR GLENN SCOTT WADSWORTH & MR RICKI MARK WADSWORTH	785,000	2.16
ATKONE PTY LTD	538,687	1.48
STITCHING PTY LTD <SSG SUPERANNUATION FUND A/C>	503,212	1.38
KOONUNG NOMINEES PTY LTD	490,000	1.35
MR ROSS GEORGE YANNIS	434,000	1.19
CIMTECK SUPER PTY LTD <CIMTECK SUPERANNUATION A/C>	425,000	1.17
LIVINGSTONE SERVICES PTY LTD <LIVINGSTONE SERVICES S/F A/C>	408,610	1.12
MR PHILIP BOMFORD	400,000	1.10
MR DANIEL FORBES SPILLMAN	350,000	0.96
ROADWORX GROUP PTY LTD	279,925	0.77
WIGRAM INVESTMENTS PTY LTD	251,094	0.69
MR BRUCE ALLAN HEAD & MRS BETH ALISON HEAD	247,771	0.68
	24,094,006	66.19

DISTRIBUTION OF SHAREHOLDINGS

Holdings Ranges	Holders	Total Units	%
1-1,000	120	67,352	0.18
1,001-5,000	193	584,588	1.61
5,001-10,000	106	870,049	2.39
10,001-100,000	183	6,012,762	16.52
100,001-and over	52	28,865,249	79.30
	654	36,400,000	100.00

The number of shareholders' holdings less than a marketable parcel is 243.

VOTING RIGHTS

All ordinary shares carry one vote per share.

NUMBER OF ORDINARY SHARES SUBJECT TO ESCROW

Nil.

CORPORATE DIRECTORY

Directors

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

Company Secretary

Sonia Joksimovic

Registered Office

39 Weerong Road
PO Box 340
Drouin VIC 3818
Telephone: 03 5625 6600
Facsimile: 03 5625 4986

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
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Sydney NSW 2001

Telephone

Within Australia: 1300 737 760
Outside of Australia: +61 2 9290 9600
Facsimile: 1300 653 459

Solicitors

Maddocks
140 William Street
Melbourne VIC 3000

Bankers

Commonwealth Bank of Australia
Warragul VIC 3820

Auditors

Grant Thornton
The Rialto, Level 30
525 Collins Street
Melbourne VIC 3000

ASX Code

SRH

ISO CERTIFICATIONS:



PROFESSIONAL AFFILIATIONS:



