

Appendix 4E Full year report

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

1. Reporting periods

Year ended (‘current period’)	Year ended (‘previous corresponding period’)
30 June 2011	30 June 2010

2. Results for announcement to the market

	Current period	Previous corresponding period	% Change increase / (decrease)	Amount (\$) increase / (decrease)
Key information				
Revenues from ordinary activities	45,682,498	48,971,508	-7%	(3,289,010)
Profit from ordinary activities after tax attributable to members	747,672	2,035,154	-63%	(1,287,482)
Net profit (loss) for the period attributable to members	747,672	2,035,154	-63%	(1,287,482)
Dividends (distributions)			Amount per share	Franked amount per share at 30% tax
Final dividend	Record Date Payable		N/A	N/A
Interim dividend	Record Date Paid		N/A	N/A
Supplementary comments				
Commentary in respect of the results is provided in the Directors' Report, which forms part of the full-year report ended 30 June 2011.				
3. Income Statement, Balance Sheet and Cash Flow Statement				
Please refer to the audited Financial Report for the year ended 30 June 2011.				

4. Dividends

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

5. Dividend reinvestment plans

The dividend reinvestment plan referred to in the prospectus is currently not in operation.

6. Statement of Retained Earnings

Please refer to the audited Financial Report for the year ended 30 June 2011

7. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (\$)	0.43	0.41

8. Acquired entities

N/A

9. Associates and Joint Ventures

N/A

10. Foreign entities

N/A

SAFEROADS HOLDINGS LIMITED

ABN: 81 116 668 538

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011**

SAFEROADS HOLDINGS LIMITED
Comprehensive Income Statement
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	CONSOLIDATED		PARENT	
		2011	2010	2011	2010
		\$	\$	\$	\$
Revenue	4	45,682,498	48,971,508	-	-
Cost of sales		(29,437,918)	(30,790,815)	-	-
Gross profit		<u>16,244,580</u>	<u>18,180,693</u>	-	-
Other income	4	48,550	151,582	36	3,361
Employee benefits		(8,307,117)	(9,046,036)	-	-
Amortisation		(80,015)	(73,242)	-	-
Finance costs		(646,007)	(494,058)	-	-
Depreciation		(777,097)	(661,215)	-	-
Other expenses		(5,463,437)	(5,300,956)	(180)	(195)
Profit before income tax	4	<u>1,019,457</u>	<u>2,756,768</u>	<u>(144)</u>	<u>3,166</u>
Income tax expense	5	(271,785)	(721,614)	43	(47)
Profit after tax from continuing operations		<u>747,672</u>	<u>2,035,154</u>	<u>(101)</u>	<u>3,119</u>
Net profit for the period		<u>747,672</u>	<u>2,035,154</u>	<u>(101)</u>	<u>3,119</u>
Net profit attributable to members of parent		<u>747,672</u>	<u>2,035,154</u>	<u>(101)</u>	<u>3,119</u>
Other comprehensive income					
Exchange differences on translating foreign controlled entities		(20,545)	30,564	-	-
Total comprehensive income for the period		<u>727,127</u>	<u>2,065,718</u>	<u>(101)</u>	<u>3,119</u>
Total comprehensive income attributable to members of the parent		<u>727,127</u>	<u>2,065,718</u>	<u>(101)</u>	<u>3,119</u>
Earnings per share (cents per share)					
- basic for profit for the full year		2.9	7.8		
- diluted for profit for the full year		2.9	7.8		
- dividends paid per share		-	-		

SAFEROADS HOLDINGS LIMITED
Statement of Financial Position
AS AT 30 JUNE 2011

	Notes	CONSOLIDATED		PARENT	
		2011	2010	2011	2010
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	8	954,174	2,007,999	6,121	6,300
Trade and other receivables	9	8,958,683	6,437,760	-	-
Income tax receivable		-	-	78	-
Inventories	11	10,664,349	9,436,973	-	-
Prepayments		478,110	466,019	-	-
Total Current Assets		21,055,316	18,348,751	6,199	6,300
Non-current Assets					
Deferred tax assets	5	-	31,947	-	-
Property, plant and equipment	12	6,047,331	4,303,756	-	-
Other financial assets	13	-	-	27,030,708	27,030,708
Intangible assets and goodwill	14	5,880,328	5,746,159	-	-
Total Non-current Assets		11,927,659	10,081,862	27,030,708	27,030,708
TOTAL ASSETS		32,982,975	28,430,613	27,036,907	27,037,008
LIABILITIES					
Current Liabilities					
Trade and other payables	15	6,230,839	3,986,367	-	-
Current tax liabilities		114,100	42,575	-	-
Interest-bearing loans and borrowings	16	1,380,473	115,743	-	-
Provisions	17	480,088	533,210	-	-
Total Current Liabilities		8,205,500	4,677,895	-	-
Non-current Liabilities					
Deferred tax liabilities	5	24,845	-	-	-
Interest-bearing loans and borrowings	16	7,534,287	7,253,564	-	-
Provisions	17	73,231	81,169	-	-
Total Non-current Liabilities		7,632,363	7,334,733	-	-
TOTAL LIABILITIES		15,837,863	12,012,628	-	-
NET ASSETS		17,145,112	16,417,985	27,036,907	27,037,008
EQUITY					
Contributed equity	18	4,130,708	4,130,708	27,030,708	27,030,708
Reserves	18	(50,970)	(30,425)	-	-
Retained earnings	18	13,065,374	12,317,702	6,199	6,300
TOTAL EQUITY		17,145,112	16,417,985	27,036,907	27,037,008

SAFEROADS HOLDINGS LIMITED
Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	CONSOLIDATED		PARENT	
		2011	2010	2011	2010
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		43,352,430	57,408,867	-	-
Payments to suppliers and employees		(41,594,780)	(49,270,311)	(180)	(195)
Interest paid		(646,007)	(494,058)	-	-
Income tax paid		(143,468)	(755,697)	(35)	-
GST paid		(690,292)	(1,281,940)	-	-
Net cash flows from operating activities	8	<u>277,883</u>	<u>5,606,861</u>	<u>(215)</u>	<u>(195)</u>
Cash flows from investing activities					
Interest received		18,435	9,009	36	3
Proceeds from sale of property, plant and equipment		230,240	103,260	-	-
Purchase of property, plant and equipment		(2,911,652)	(523,542)	-	-
Product developments costs		(214,184)	(183,565)	-	-
Net cash flows used in investing activities		<u>(2,877,161)</u>	<u>(594,838)</u>	<u>36</u>	<u>3</u>
Cash flows from financing activities					
Proceeds from borrowings		1,781,785	202,278	-	-
Repayment of borrowings		(236,333)	(3,950,564)	-	-
Net cash flows used in financing activities		<u>1,545,453</u>	<u>(3,748,286)</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(1,053,825)	1,263,737	(179)	(192)
Cash and cash equivalents at beginning of period		2,007,999	744,262	6,300	6,492
Cash and cash equivalents at end of period	8	<u>954,174</u>	<u>2,007,999</u>	<u>6,121</u>	<u>6,300</u>

SAFEROADS HOLDINGS LIMITED
Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2011

	Contributed Equity \$	Reserves \$	Retained Earnings \$	Total Equity \$
CONSOLIDATED				
At 1 July 2009	4,130,708	(60,989)	10,282,548	14,352,267
Comprehensive income for period	-	30,564	2,035,154	2,065,718
At 30 June 2010	<u>4,130,708</u>	<u>(30,425)</u>	<u>12,317,702</u>	<u>16,417,985</u>
At 1 July 2010	4,130,708	(30,425)	12,317,702	16,417,985
Comprehensive income for period	-	(20,545)	747,672	727,127
At 30 June 2011	<u>4,130,708</u>	<u>(50,970)</u>	<u>13,065,374</u>	<u>17,145,112</u>
PARENT				
At 1 July 2009	27,030,708	-	3,181	27,033,889
Comprehensive income for period	-	-	3,119	3,119
At 30 June 2010	<u>27,030,708</u>	<u>-</u>	<u>6,300</u>	<u>27,037,008</u>
At 1 July 2010	27,030,708	-	6,300	27,037,008
Comprehensive income for period	-	-	(101)	(101)
At 30 June 2011	<u>27,030,708</u>	<u>-</u>	<u>6,199</u>	<u>27,036,907</u>

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

1 CORPORATE INFORMATION

Saferoads Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

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.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the group for the annual reporting period ending 30th June 2011. The impact of the adoption in the future is not expected to be material.

(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 parent entity was incorporated on 14 October 2005. On 31 October 2005, the parent entity acquired all of the shares in Saferoads Pty Ltd.

The implications under AASB 3 "Business Combinations" for Group purposes are that the transaction that occurred in 31 October 2005 is accounted for as a reverse acquisition and as such, the legal subsidiary becomes the accounting acquirer under AIFRS. The effect of this is that the Group financial statements are prepared for the year ending 30 June 2011 as a continuation of the legal subsidiary, Saferoads Pty Ltd, with comparative information for the year ended 30 June 2010, using consistent accounting policies.

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) Business Combinations

The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the group's share of identifiable net assets acquired is recognised as goodwill.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

(e) 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.

Transaction 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 comprehensive income statement, 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 comprehensive income statement.

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 comprehensive income statement in the period in which the operation is disposed.

(f) 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 reducing balance basis over the estimated useful life of the asset as follows:

Buildings - 7%
Plant and equipment - 20% to 40%

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(h) 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.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

(i) 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 comprehensive income statement 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 development 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 comprehensive income statement when the asset is derecognised.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

(j) 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.

(k) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

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

(l) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

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.

(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 comprehensive income statement when the liabilities are derecognised as well as through the amortisation process.

(n) 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 comprehensive income statement 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.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

(o) 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.

(p) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Employee Share Option Plan (ESOP) provides benefits to directors and employees.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Saferoads Holdings Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these transactions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(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.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

(r) Income Tax

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

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of 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 the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

(t) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after 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 uses 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 comprehensive income statement 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 Estimates

(i) Impairment

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for non current assets, growth rates of 0.53% (2010: 1.4%) have been factored into valuation models for the next five years on the basis of management's expectations around the Group's continued ability to capture market share from competitors.

The rates used incorporate allowance for inflation. Pre-tax discount rates of 14.3% (2010: 13.73%) have been used in all models.

No impairment has been recognised in respect of non current assets at reporting date. Should the net present value of earnings before interest and tax, over the next five years, fall below the carrying value of the non current assets, an impairment loss would be recognised.

Key Judgments

(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 accounts are prepared on a going concern basis. However, the company has previously breached its Interest Coverage Ratio required by its bank under its loan terms. This necessitated a re-classification of long term loans as current for the half year ended 31 December 2010. The company complied with the required covenants for the period ended 30 June 2011. The company is constantly managing margins and liquidity risk, by preparing cash flow and bank covenant forecasts and enjoys a supportive relationship with its bank. However, in the current economic environment there is some potential for bank covenants not to be met. In the event that bank covenants are not met, bank loans may become current. However, the company would still have positive working capital, and the directors believe the company would be able to pay its debts as and when they fall due.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

3 SEGMENT INFORMATION

The company predominately operates in the road safety products market in Australia.

4 REVENUES AND EXPENSES

(a) Specific Items

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

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
(i) Revenue				
Sale of goods	45,682,498	48,971,508	-	-
(ii) Other income				
Interest	18,435	9,009	36	3
Dividends from subsidiary	-	-	-	-
Profit on sale of plant & equipment	(160,740)	(39,828)	-	-
Other	190,855	182,401	-	3,358
	48,550	151,582	36	3,361
	45,731,048	49,123,090	36	3,361
(iii) Expenses				
Rental Expense on Operating Lease	952,956	610,484	-	-
Bad and doubtful debts	77,323	140,503	-	-

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$

5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2011 are:

Comprehensive income statement

Current income tax charge	241,580	885,775	(43)	47
Deferred income tax	56,792	(77,064)	-	-
Adjustments in respect of current income tax of previous period	(26,587)	(87,097)	-	-
Income tax expense reported in comprehensive income	<u>271,785</u>	<u>721,614</u>	<u>(43)</u>	<u>47</u>

A reconciliation of income tax expense applicable to accounting profit 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 before income tax	1,019,457	2,756,768	(144)	3,166
At the statutory income tax rate of 30%	305,837	827,030	(43)	950
Adjustments in respect of current income tax of previous period	(26,587)	(87,097)	-	(903)
Tax concessional items	(16,064)	(13,767)	-	-
Expenditure allowable for income tax purposes	8,599	(4,552)	-	-
	<u>271,785</u>	<u>721,614</u>	<u>(43)</u>	<u>47</u>

Statement of Financial Position		Comprehensive Income Statement	
2011	2010	2011	2010
\$	\$	\$	\$

Deferred income tax

Deferred income tax at 30 June relates to the following:

CONSOLIDATED

Deferred income tax liability

Employee entitlements	160,686	184,314	23,628	(19,381)
Research & Development Costs	(264,818)	(223,050)	41,768	14,552
Other	79,287	70,683	(8,604)	(72,235)
Gross deferred income tax (liability)/asset	<u>(24,845)</u>	<u>31,947</u>		
Deferred income tax charge			<u>56,792</u>	<u>(77,064)</u>

PARENT

The parent does not have any deferred tax balances.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

6 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit 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 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		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Net profit attributable to equity holders from continuing operations	747,672	2,035,154	-	-
Net profit attributable to equity holders of the parent	747,672	2,035,154	-	-
Net profit attributable to ordinary shareholders for diluted earnings per share	747,672	2,035,154	-	-
Weighted average number of ordinary shares for basic earnings	26,000,000	26,000,000	-	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	26,000,000	26,000,000	-	-

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

7 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Equity dividends on ordinary shares:				
Interim franked dividend for 2011: 0.0 cents (2010: 0.0 cents)	-	-	-	-
The tax rate at which paid dividends have been franked is 30%.				
Dividends proposed and not recognised as a liability:				
Final franked dividend for 2011: 0.0 cents (2010: 0.0 cents)	-	-	-	-
Dividends proposed will be franked at the rate of 30%.				
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.	5,242,341	5,107,543	2,876	2,876

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

8 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash at bank and in hand	954,174	2,007,999	6,121	6,300

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents is equal to the carrying value.

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 in hand	954,174	2,007,999	6,121	6,300
--------------------------	---------	-----------	-------	-------

Reconciliation from the net profit after tax to the net cash flows from operations

Net profit	747,672	2,035,154	(101)	3,119
Adjustments for:				
Depreciation	777,097	661,215	-	-
Amortisation	80,015	73,242	-	-
Net (profit)/loss on disposal of plant and equipment	160,740	39,828	-	-
Interest received	(18,435)	(9,009)	(36)	(3)
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	(2,520,923)	3,645,718	-	-
(Increase)/decrease in inventories	(1,227,376)	1,594,285	-	-
(Increase)/decrease in prepayments	(12,091)	(226,707)	-	-
Decrease/(increase) in deferred income asset	31,947	(31,947)	-	-
(Decrease)/increase in deferred income tax liability	24,845	(45,117)	-	-
(Decrease)/increase in trade and other payables	2,223,927	(2,237,383)	-	(3,311)
(Decrease)/increase in provisions	(61,060)	64,601	-	-
(Decrease)/increase in tax provision	71,525	42,981	(78)	-
Net cash from operating activities	277,883	5,606,861	(215)	(195)

9 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	9,133,683	6,537,760	-	-
Provision for impairment	(175,000)	(100,000)	-	-
	8,958,683	6,437,760	-	-

Trade receivables are non-interest bearing.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
10 ECONOMIC DEPENDENCY				
The Group does not have an economic dependency on any single customer.				
11 INVENTORIES				
Stock on hand	10,664,349	9,436,973	-	-
12 PROPERTY, PLANT AND EQUIPMENT				
Land	57,000	57,000	-	-
Buildings at cost	817,284	817,284	-	-
Less accumulated depreciation	(390,157)	(353,255)	-	-
	427,127	464,029	-	-
Plant & equipment at cost	8,773,132	6,252,460	-	-
Less accumulated depreciation	(3,209,928)	(2,469,733)	-	-
	5,563,204	3,782,727	-	-
Total property, plant & equipment	6,047,331	4,303,756	-	-

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 current financial year.

	Land	Buildings	Plant & Equipment	Total
Balance at 1 July 2010	57,000	464,029	3,782,727	4,303,756
Additions	-	-	2,911,652	2,911,652
Depreciation expense	-	(36,902)	(740,195)	(777,097)
Disposals	-	-	(390,980)	(390,980)
Carrying amount at 30 June 2011	57,000	427,127	5,563,204	6,047,331
Balance at 1 July 2009	57,000	493,326	4,034,191	4,584,517
Additions	-	8,940	514,602	523,542
Depreciation expense	-	(38,237)	(622,978)	(661,215)
Disposals	-	-	(143,088)	(143,088)
Carrying amount at 30 June 2010	57,000	464,029	3,782,727	4,303,756

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
13 OTHER FINANCIAL ASSETS				
Investment in subsidiary at cost	-	-	27,030,708	27,030,708

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

	CONSOLIDATED		PARENT	
	2011 \$	2010 \$	2011 \$	2010 \$
14 INTANGIBLE ASSETS & GOODWILL				
Goodwill	4,967,561	4,967,561	-	-
Licence agreements at cost	73,677	73,677	-	-
Less accumulated amortisation	(43,637)	(38,578)	-	-
	<u>30,040</u>	<u>35,099</u>	-	-
Product development costs	1,092,742	878,558	-	-
Less accumulated amortisation	(210,015)	(135,059)	-	-
	<u>882,727</u>	<u>743,499</u>	-	-
	<u>5,880,328</u>	<u>5,746,159</u>	-	-
(a) Movement in carrying amounts				
	Goodwill	License Agreement	Product Devt Costs	Total
Balance at 1 July 2009	4,967,561	40,158	628,117	5,635,836
Capitalisation of costs	-	-	183,565	183,565
Amortisation expense	-	(5,059)	(68,183)	(73,242)
Carrying amount at 30 June 2010	<u>4,967,561</u>	<u>35,099</u>	<u>743,499</u>	<u>5,746,159</u>
Balance at 1 July 2010	4,967,561	35,099	743,499	5,746,159
Capitalisation of costs	-	-	214,184	214,184
Amortisation expense	-	(5,059)	(74,956)	(80,015)
Carrying amount at 30 June 2011	<u>4,967,561</u>	<u>30,040</u>	<u>882,727</u>	<u>5,880,328</u>

(b) Impairment test for goodwill

Goodwill is allocated to the cash-generating unit overall. The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period. The cash flows are discounted using a capital assets pricing model combining the yield of the 10-year government bonds at the beginning of the budget period of 5.75% (2010: 5.095%) , with an All Ordinaries long term rate of return of 10.04% (2010: 9.41%), and a beta risk rate of 2% (2010: 2.00%).

The following assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate
Overall Business	0.53%	14.30%

Management has based the value-in-use calculations on budgets for the business. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the business operates. The discount rate is pre-tax and is adjusted to incorporate risks associated with the business segments.

15 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED		PARENT	
	2011 \$	2010 \$	2011 \$	2010 \$
Trade payables	5,540,130	3,185,171	-	-
Accrued expenses	571,192	707,614	-	-
GST payable/(Receivable)	119,517	93,582	-	-
	<u>6,230,839</u>	<u>3,986,367</u>	-	-

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

16 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current				
Hire purchase	380,473	115,743	-	-
Bank loans	1,000,000	-	-	-
	<u>1,380,473</u>	<u>115,743</u>	<u>-</u>	<u>-</u>
Non-current				
Hire purchase	435,458	133,046	-	-
Bank loans	7,098,829	7,120,518	-	-
	<u>7,534,287</u>	<u>7,253,564</u>	<u>-</u>	<u>-</u>

Saferoads Pty Ltd is required to report to the Commonwealth Bank at the end of each 3 monthly period regarding its compliance with Financial Covenants.

As at the reporting date of 5 August 2011, the company is in compliance with its bank covenants therefore the company's long terms loans have been classified as non-current.

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		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Total facilities:				
- bank bills - variable	7,200,000	7,200,000	-	-
- bank overdraft	300,000	300,000	-	-
- bank charge card	300,000	300,000	-	-
- trade facilities including bank guarantees	2,800,000	2,800,000	-	-
Facilities used at reporting date				
- bank bills - variable	7,098,829	7,120,518	-	-
- bank overdraft	-	-	-	-
- bank charge card	222,000	224,500	-	-
- trade facilities	1,000,000	-	-	-
- bank guarantee	377,887	598,199	-	-
Facilities unused at reporting date				
- bank bills - variable	101,171	79,482	-	-
- bank overdraft	300,000	300,000	-	-
- bank charge card	78,000	75,500	-	-
- trade facilities including bank guarantees	1,422,113	2,201,801	-	-

The bank facilities are secured by a registered mortgage by Saferoads Pty Ltd over commercial property situated at Lot 8 Weerong Rd, Drouin, 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.

The covenants within the bank borrowings require specific EBIT targets per quarter and net worth not less than 30% of total tangible assets.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

17 PROVISIONS

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current				
Annual leave	345,210	395,719	-	-
Long service leave	117,179	137,491	-	-
Novated Lease provision	17,699	-	-	-
	<u>480,088</u>	<u>533,210</u>	-	-
Non-Current				
Long service leave	<u>73,231</u>	<u>81,169</u>	-	-
Total employee entitlements	<u>553,319</u>	<u>614,379</u>	-	-

18 EQUITY

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Contributed Equity				
<i>Ordinary shares</i>				
Issued and fully paid	<u>4,130,708</u>	<u>4,130,708</u>	<u>27,030,708</u>	<u>27,030,708</u>
<i>Movements in ordinary shares on issue (legal parent)</i>				
At 1 July			<u>26,000,000</u>	<u>26,000,000</u>
At 30 June			<u>26,000,000</u>	<u>26,000,000</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

Retained Earnings

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Movements in retained earnings are as follows:				
Balance at 1 July	12,317,702	10,282,548	6,300	3,181
Net profit for year	747,672	2,035,154	(101)	3,119
Balance at 30 June	<u>13,065,374</u>	<u>12,317,702</u>	<u>6,199</u>	<u>6,300</u>

Foreign Currency Translation Reserve

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

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise overdrafts, trade facilities, 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		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
- Cash and cash equivalents	954,174	2,007,999	6,121	6,300
- Loans and receivables	8,958,683	6,437,760	-	-
Total Financial Assets	<u>9,912,857</u>	<u>8,445,759</u>	<u>6,121</u>	<u>6,300</u>
Financial Liabilities				
- Financial liabilities at amortised cost	15,145,599	11,355,674	-	-
Total Financial Liabilities	<u>15,145,599</u>	<u>11,355,674</u>	<u>-</u>	<u>-</u>

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

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

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

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

(a) Interest rate risk

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

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

	Weighted Average Interest Rate	Non Interest Bearing	Variable Interest Rate	Fixed Interest Rate Maturing		Total
				Within 1 year	1 to 2 years	
2011	%	\$	\$	\$	\$	\$
Financial Assets						
- Cash	4.66	-	954,174	-	-	954,174
- Receivables	N/A	8,958,683	-	-	-	8,958,683
Total Financial Assets		8,958,683	954,174	-	-	9,912,857
Financial Liabilities						
- Payables	N/A	6,230,839	-	-	-	6,230,839
- Bank borrowings	8.34	-	1,000,000	-	7,098,829	8,098,829
- Hire purchase	8.23	-	-	380,473	435,458	815,931
Total Financial Liabilities		6,230,839	1,000,000	380,473	7,534,287	15,145,599
2010	%	\$	\$	\$	\$	\$
Financial Assets						
- Cash	3.75	-	2,007,999	-	-	2,007,999
- Receivables	N/A	6,437,760	-	-	-	6,437,760
Total Financial Assets		6,437,760	2,007,999	-	-	8,445,759
Financial Liabilities						
- Payables	N/A	3,986,367	-	-	-	3,986,367
- Bank borrowings	6.10	-	7,120,518	-	-	7,120,518
- Hire purchase	9.00	-	-	115,743	133,046	248,789
Total Financial Liabilities		3,986,367	7,120,518	115,743	133,046	11,355,674

(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.

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date recognised as financial assets is the carrying amount, net of any provisions for doubtful debts which is \$175,000 at 30 June 2011 (2010: \$100,000), 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 \$4,215,376 (2010: \$2,479,822).

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, other than as disclosed in Note 10.

(c) Liquidity risk

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

Maturity analysis of financial liabilities:

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
2011				
- Payables	6,230,839	-	-	6,230,839
- Bank borrowings	1,000,000	7,098,829	-	8,098,829
- Hire purchase	380,473	435,458	-	815,931
Total Financial Liabilities	7,611,312	7,534,287	-	15,145,599
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
2010				
- Payables	3,986,367	-	-	3,986,367
- Bank borrowings	-	7,120,518	-	7,120,518
- Hire purchase	115,743	133,046	-	248,789
Total Financial Liabilities	4,102,110	7,253,564	-	11,355,674

(d) Net Fair Values

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

(e) Foreign Exchange Risk

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

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

	Net Financial Assets/(Liabilities) in AUD		
	NZD \$	Euro \$	USD \$
2011			
Functional Currency of Group Entity			
Australian Dollar	(19,858)	-	(1,300,911)
	NZD \$	Euro \$	USD \$
2010			
Functional Currency of Group Entity			
Australian Dollar	(33,938)	(10,686)	(1,247,042)

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

(f) Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates on borrowings and exchange rates on payables. The table indicates the impact on how profit and equity values reported at balance 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		PARENT	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
Year Ended 30 June 2011				
+/-2% in interest rates	+/-40,000	+/-40,000	-	-
+/-5c in \$A/\$US	+/-900,000	+/-900,000	-	-
Year Ended 30 June 2010				
+/-3% in interest rates	+/-240,000	+/-240,000	-	-
+5c/-5c in \$A/\$US	+/-600,000	+/-600,000	-	-

20 COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	\$	\$	\$	\$
Operating Lease - properties				
Non-cancellable operating leases:				
- less than one year	428,080	601,065	-	-
- later than one year but less than five years	392,198	514,284	-	-
Total operating lease commitments	820,278	1,115,349	-	-
Operating Lease - vehicles				
Non-cancellable operating leases:				
- less than one year	192,880	101,347	-	-
- later than one year but less than five years	33,175	271,852	-	-
Total operating lease commitments	226,055	373,199	-	-
Hire Purchases				
Hire purchase commitments payable:				
- less than one year	432,617	129,147	-	-
- later than one year but less than five years	461,198	141,640	-	-
	893,815	270,788	-	-
Less future finance charges	(77,884)	(21,999)	-	-
Total hire purchase liability	815,931	248,789	-	-
Reconciled to:				
Current liability	380,473	115,743	-	-
Non-current liability	435,458	133,046	-	-
	815,931	248,789	-	-

There are no material contingent liabilities or contingent assets.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

21 RELATED PARTY DISCLOSURE

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

Name	Country of incorporation	% equity interest		Investment	
		2011	2010	2011	2010
Saferoads Pty Ltd	Australia	100%	100%	27,030,708	27,030,708
Saferoads NZ Limited	New Zealand	100%	100%		

Note: Saferoads NZ Limited is 100% owned by Saferoads Pty Ltd

22 AUDITORS' REMUNERATION

	2011	2010
	\$	\$
Amounts received or due and receivable by WHK Audit (Vic) for the audit of the financial report.	67,800	67,800
Other assurance services	-	-

23 COMPANY DETAILS

The registered office of the parent entity is:
 Lot 8
 Weerong Rd
 Drouin Vic 3818

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

24 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Management Personnel

(i) Directors

Gary Bertuch	Chairman
Darren Hotchkin	Non-Executive
Duncan Smith	Non-Executive
Gerard Keeghan	Non-Executive
David Cleland	Non-Executive

(ii) Executives

Wayne Kibbis	Chief Executive Officer
Tony Wyatt	Chief Financial Officer
Bill Cruickshank	Company Secretary
Anthony Piscopo	National Sales Manager
Anthony Connor	OHS&E Manager
Casey McMaster	Engineering Manager

(b) Compensation of Key Management Personnel

(i) Compensation Policy

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.

(ii) Compensation of Key Management Personnel

	Salary & Fees	Short Term Fringe Benefits	Cash Bonus	Termination Payment	Post Employment Superannuation	Long Term Long Service Leave	Share Based Payment Options	Total	Performance Related
30 June 2011	\$		\$		\$	\$	\$	\$	%
Directors									
Gary Bertuch	71,498				6,930			78,428	-
Darren Hotchkin	164,000	8,088		35,219	17,881			225,188	-
Duncan Smith	40,000				3,600			43,600	-
Gerard Keeghan	40,000				3,600			43,600	-
David Cleland	20,082				-			20,082	-
Executives									
Bill Cruickshank	52,119			14,898	4,691			71,708	-
Hamish Webb	154,181	9,456		78,484	15,125			257,246	-
Tony Wyatt*	176,000				15,840	3,207		195,047	-
Vicki Commadeur	97,444			53,755	11,148			162,346	-
Anthony Piscopo*	48,906				4,402	799		54,107	-
Wayne Kibbis*	101,241		67,778		9,112	1,647		179,779	29%
Anthony Connor*	24,465				2,202	398		27,065	-
Casey McMaster*	152,500		8,407		14,246	8,736		183,889	7%
	1,142,436	17,544	76,185	182,356	108,776	14,788	-	1,542,085	

* Current Senior Management personnel. H.Webb and V. Commadeur departed during the year.

	Salary & Fees	Short Term Fringe Benefits	Cash Bonus	Termination Payment	Post Employment Superannuation	Long Term Long Service Leave	Share Based Payment Options	Total	Performance Related
30 June 2010	\$		\$		\$	\$	\$	\$	%
Directors									
Gary Bertuch	60,500				5,445			65,945	-
Darren Hotchkin	220,000	14,076			19,800	(22,614)		231,262	-
Duncan Smith	40,000				3,600			43,600	-
Gerard Keeghan	40,000				3,600			43,600	-
Executives									
Bill Cruickshank	81,026				7,292	1,417		89,736	-
Hamish Webb	220,000	9,970			19,800	11,037		260,807	-
Tony Wyatt	170,000	6,757			15,300	5,305		197,362	-
Vicki Commadeur	100,000	7,583			9,000	2,886		119,469	-
	931,526	38,386	-	-	83,837	(1,969)	-	1,051,781	

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2011

(c) Shareholdings of Key Management Personnel

Shares held in Saferoads Holdings Limited

	Balance at 1 July 2010	Acquired	Sold	Balance 30 June 2011
Directors				
Gary Bertuch	20,000	-	-	20,000
Darren Hotchkin	5,027,775	165,000	-	5,192,775
Duncan Smith	1,200,000	27,580	-	1,227,580
Gerard Keeghan	50,000	-	-	50,000
David Cleland	-	19,500	-	19,500
Executives				
Bill Cruickshank	66,114	25,000	-	91,114
Hamish Webb	140,000	-	(140,000)	-
Tony Wyatt	1,500	-	-	1,500
Total	6,505,389	237,080	(140,000)	6,602,469

Shares held in Saferoads Holdings Limited

	Balance at 1 July 2009	Acquired	Sold	Balance 30 June 2010
Directors				
Gary Bertuch	20,000	-	-	20,000
Darren Hotchkin	4,941,375	86,400	-	5,027,775
Duncan Smith	1,087,500	112,500	-	1,200,000
Gerard Keeghan	50,000	-	-	50,000
Executives				
Bill Cruickshank	49,900	16,214	-	66,114
Hamish Webb	140,000	-	-	140,000
Tony Wyatt	1,500	-	-	1,500
Vicki Commadeur	-	-	-	-
Total	6,290,275	215,114	-	6,505,389

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.

(d) Other Transactions with Key Management Personnel

Duncan Smith is a partner of accounting firm Smith McCarthy Wilson. The firm provided accounting services of \$58,700 (2010: \$85,000) to the Group during the year.

Chairman's Overview

Dear Shareholder,

On behalf of the Board of Directors I present the Annual Report for Saferoads Holdings Limited for the financial year 2010-11.

FY 2011 was again a very challenging year. The contraction in sales and profit experienced during the second half of FY 2010 continued into the first half of FY 2011 and consequently the Company experienced a very disappointing first half-year performance.

The second half-year saw a significant improvement, and was the best half-yearly performance since 2009. It was particularly pleasing to see an increase in demand for the Company's temporary barrier product range. In general, however, the exceptional wet weather in combination with a ten year low in road construction activity contributed to reduced demand overall for many products within the Company's product range.

In the Company's statutory first-half review and results of operations as advised to the financial markets in February, the Directors expressed optimism that the second half-year would see an improved financial performance. We are pleased that this optimism was vindicated.

The market in which the Company operates is under increasing competitive pressure due to the tightening economic environment. This has tended to slow the Company's revenue growth and to put pressure on profit margins. The Board considers this slowdown to be temporary and is working closely with Management on the development of strategic measures to return the company to its historic levels of growth and profitability. Saferoads' strategic relationships with international organisations and the Company's innovative proprietary products continue to underpin the Company's medium and long term future.

The Company has again worked closely throughout the year with its bankers in relation to debt and bank covenants. As reported in the first half year results, the Company was in breach of the required Interest Rate Ratio for the 12 months ending 31 December 2011. At that stage, the Company's long term loans were reclassified as current. However, as at the reporting date of 5 August 2011, for the twelve months ended 30 June 2011, the Company complied with all financial banking covenants and therefore the Company's long term loans have been reclassified as non-current.

In late 2010, the Board appointed Mr David Cleland as an additional independent non-executive director to the Saferoads' Board. David has over 30 years' experience at chief executive level of companies manufacturing and distributing industrial products and his appointment has added to the diversity of skills and experience within the Board.

Also in late 2010, Darren Hotchkin, founder and Managing Director of Saferoads, and its antecedent companies, informed the Board of his desire to step aside from the position of Managing Director of Saferoads Holdings Limited but to remain on the Board as a non-executive director. The Board agreed to Darren's request to step aside from day to day management of the Company and after a lengthy search appointed Mr Wayne Kibbis as Chief Executive Officer in February 2012. Wayne has over 25 years in senior management roles in national and international industrial engineering companies. Since his appointment, Wayne has implemented a number of organisational changes and has recruited additional experienced senior executives to the Saferoads' team.

The Directors have again regrettably determined not to pay a dividend, the Board considering it prudent to conserve its cash position until the markets in which Saferoads operate stabilise and return to their historic profit levels.

On behalf of the Board, I would like to thank Darren Hotchkin for his invaluable contribution to the Company over the past 19 years, and to the Company's senior management team and all of the Company's loyal personnel for their commitment to the Company over the past demanding twelve months. I also wish to acknowledge the vital participation and wise counsel of my fellow Directors during the challenging 2010-11 year.

A handwritten signature in cursive script, appearing to read "GBertuch".

Gary Bertuch
Chairman

Chief Executive Officer's Review of Operations and Activities

It is my pleasure to present the Chief Executive's Review of Operations and Activities for Saferoads Holdings for the 2010 - 2011 reporting period.

Saferoads Holdings Limited has now completed its sixth year as a listed company.

The Company's core business has continued to be focused on the supply of total road safety solutions in the Australian and New Zealand markets. The Company attained annual operating revenues of \$45.7 million (FY2010: \$49.0 million) and net profit after tax (NPAT) of \$0.747 million. (FY2010: \$2.04 million). For the full year, operating revenue fell by 6.7%, but NPAT decreased by 63% compared with the full FY2010 period.

The 2010-11 year was again characterised by two halves. The slow down we witnessed in the second half of the prior financial year continued into the first half of this financial year, primarily due to the proportion of lower profit margin products and services in the sales mix and delays to civil infrastructure projects due to the exceptional wet weather along the eastern sea board.

Whilst the unseasonal conditions continued into the second half of this financial year, the sales mix achieved in the second half tended to have a much better proportion of higher profit margin products. The sales performance of Saferoads' public lighting product range was consistent with the prior year, but there was a pleasing improvement in the sector's profitability. A focus on input cost management and a conscious move away from the supply of high cost low profit margin lighting components have contributed to the improved profit margins. The Company's proprietary "SafePole"™ continues to find ready market acceptance particularly in Victoria and as approvals for deployment in other states are achieved this product should be a significant contributor to our overall financial performance.

In spite of the unseasonal weather the sales performance of the Civil Services portfolio was comparable with that of the prior year, but profit slipped due to generally reduced activity in the road construction industry which has led to increased competition as companies in this market sought to retain market share. This portfolio continues to have good synergies with other product portfolios and remains a key contributor to the Company's business.

The Company encountered product supply issues in the traffic calming and the traffic control portfolios which contributed to reduced revenue in these areas. However during the second half of the year the Company was able to ramp up the supply of its proprietary variable message signboards (VMS) range with a new design of trailer built at our Drouin production facility and we are now a very active player in this market.

Sales in Victoria and New South Wales were broadly in line with the prior year. Sales in Queensland were again disappointing but sales in South Australia / Northern Territory were 23% above the prior year. Much of this growth has been in the Northern Territory.

The Company continues with trial marketing of its moveable ironman barrier through its own rental operations. Whilst market take-up has been pleasing and demand has been at times greater than the Company's capacity to supply the rental operation is only a minor albeit useful part of the overall business.

This is the third year of direct operations in New Zealand. Whilst sales in 2010-11 were slightly lower than for the previous year NPAT was in line with the previous year. The company's profile in the NZ marketplace will be further enhanced with our VMS boards and moveable Ironman barriers being used for traffic control at the World Rugby Cup venues.

Looking ahead

The Company remains cautiously optimistic for the 2010-11 year. Based on a realistic outlook we have again put in place a conservative budget which targets a revenue growth of 12.5% and a substantial increase in profitability.

As we advised in our Shareholders' Newsletter in June 2011, a number of changes have been made to the senior management team in the early part of the second half of the financial year. Flowing on from these changes the strategic decision was made to increase responsibility and accountability at state level, with each State Manager having a greater control over the state's revenue and profit growth. The reorganisation of the national branch operations has coincided with the appointment of a considerable number of new sales related personnel in most states. The Company expects that the refreshing of the branch operations will enhance the Company's presence and exposure in the road safety market in each state and this should lead to a progressive increase in sales revenue.

The Company has commenced the year on a reasonably solid note. The order book as at July 2011 was healthy particularly in the Civil installations portfolio in Victoria and Queensland.

I would like to take this opportunity to thank the Company's employees for their loyalty and dedication to the business during a period of rapid change within the organisation.

I would also like to thank our shareholders for their continued support of Saferoads Holdings Limited. This has been a challenging year for Shareholders and I would like to assure you that we are working hard to return the Company to a position of providing reliable annual dividends and a restoration of shareholder value.



Wayne Kibbis
Chief Executive Officer

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2011.

DIRECTORS

Name	Appointed
Darren Hotchkin	21 October 2005
Duncan Smith	21 October 2005
Gary Bertuch	31 October 2005
Gerard (Ged) Keeghan	31 October 2005
David Cleland	01 December 2010

DIRECTOR PROFILES

Gary C Bertuch (Age 60) **Non-Executive Chairman**

Gary Bertuch was appointed to the Board on 31 October 2005 and was re-elected at the October 2008 AGM. He is Chairman of the Remuneration Committee.

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

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

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

Darren J Hotchkin (Age 47) **Non-Executive Director**

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.

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 Saferoads Pty Ltd to commercialise his invention of a rubber guide post manufactured from recycled car tyres.

As Managing Director, Darren's key contribution to the business was 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.

Gerard (Ged) Keeghan (Age 50) **Non-Executive Director**

Ged was appointed to the Board on 31 October 2005 and re-elected at the October 2007 and the October 2010 AGMs. He is Chairman of the Audit and Risk Committee.

Ged gained considerable experience in the building and construction industry as the Chief Executive of the civil infrastructure contractor Standard Roads Group from 1991 to 2002 and as a Director of the

construction materials company Astec Pty Ltd which operated in the three eastern States of Australia from 1993 to 2002. He is a founding Director of Cortek Developments Pty Ltd, a Victorian based commercial and industrial builder and developer, which commenced in 1988. He is currently a Director of several privately owned Companies and Trusts, and is Chief Executive of the residential developer, TPC Group.

Ged holds a Bachelor of Business (Accounting) with Graduate Diploma, is an associate member of CPAs and a Fellow of the Australian Institute of Company Directors.

Duncan Smith (Age 68)
Non-Executive Director

Duncan was appointed to the Board on 21 October 2005 and was re-elected at the October 2006 and October 2009 AGMs. He is a member of the Remuneration Committee and the Audit and Risk Committee.

Duncan was a founding Director and shareholder of Saferoads Pty Ltd. He is the senior partner of Smith McCarthy Wilson, accountants and advisors. He has been in public practice as an accountant since 1977 and a partner or principal in accounting firms since 1981, advising small to medium enterprises in management, taxation and financial matters. He is currently a Trustee of The Andrews Foundation and is on the Board and Treasurer of the West Gippsland Health Care Group.

Duncan holds a Diploma in Business (Accounting), is a fellow of the CPAs, and a Certified Financial Planner.

David Cleland (Age 66)
Non-Executive Director

David was appointed to the Board on 1 December 2010. He is a member of the Audit and Risk Committee and the Remuneration Committee.

David is a mechanical engineer with extensive experience at Chief Executive Officer level 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 is currently a trust member of the Greater Metropolitan Cemeteries Trust and Director of a privately owned company

COMPANY SECRETARY

Bill Cruickshank (Age 68)
Company Secretary

Bill joined Saferoads Pty Ltd in June 2002 and was appointed as Company Secretary on 21 October 2005. Bill will be retiring as Company Secretary later in the year.

For his first three years with Saferoads Bill was Finance and Administration Manager, during which time he oversaw the successful compliance with the Civil Contractors Federation civil construction code, and the successful implementation and ongoing re-accreditation of an ISO integrated quality, safety and environmental management system. Before joining Saferoads he spent several years as the Administration and Finance Manager of a privately owned contract maintenance company and prior to that he was Regional Accountant for a major dairy company.

Bill holds a Bachelor of Business (Accounting) with sub-majors in law and economics, from Monash University and is a certificated member of the Chartered Secretaries' Association.

Sarah Christensen (Age 46)
Company Secretary

Sarah was appointed Company Secretary on 18 July 2011. Sarah is a lawyer with over 20 years' experience in the provision of legal and public company secretarial services for leading corporate organisations. She has specific expertise in the resources and financial services sectors.

Sarah holds a Bachelor of Economics and Bachelor of Law from Monash University and a Master of Law and Master of Business Administration from the University of Melbourne.

SENIOR MANAGEMENT PROFILES

Wayne Kibbis
Chief Executive Officer

Wayne joined the company in February 2011.

He has more than 25 years' experience in management roles in national and international organisations. Immediately prior to accepting the appointment with Saferoads he was the Regional General Manager of Komatsu Australia, a position he held for some five years, reporting to the President of Komatsu Australia.. The position had wide exposure to the road and construction industry through key clients that included Fulton Hogan and Abigroup constructions.

Wayne is a member of the Australian Institute of Company Directors.

Tony Wyatt
Chief Financial Officer

Tony joined Saferoads in October 2007 as Commercial Manager and was appointed as Chief Financial Officer in January 2010. Tony has a strong background in financial management and auditing. For 12 years he was an auditor with the audit firm Coopers & Lybrand. Following his time with Coopers & Lybrand, he spent 17 years in the manufacturing environment as Financial Controller or Commercial Manager with several manufacturing companies including National Foods Limited, Lactos Pty Ltd and Yallourn Power Station. He was Commercial Manager with Silcar at Yallourn Power Station immediately prior to joining Saferoads.

Tony holds a Bachelor of Business (Accounting) from RMIT and is a Chartered Accountant.

Anthony Piscopo
National Sales and Marketing Manager

Anthony joined the Company in April 2011.

He has a technical trade background and for 20 plus years has held various senior management roles at state and national level within some of the world's largest and most successful building technology companies including Chubb/UTC, Siemens and Kidde Australia. His most recent appointment was as a General Manager at Siemens' multi-million dollar building technology business of the global Siemens group, reporting to the Executive General Manager.

Anthony brings with him a solid history of sales growth and strong operational experience in both emerging and mature business entities.

Anthony Connor
National OHS&E Manager

Anthony commenced employment with Saferoads on the 18th April 2011.

He has more than 15 years' experience in Senior Management roles in Occupational Health and Safety, Environment, Quality Assurance and Human Resources within national and international organisations. Prior to his appointment with Saferoads he held the position as the Regional OHSE Manager VIC/SA/TAS & NZ for Komatsu Australia and maintained a robust safety system for the region. His background and experience will assist in driving safety improvements within Saferoads.

Anthony is currently a member of the Safety Institute of Australia.

Casey McMaster
National Engineering / Operations Manager

Casey joined Saferoads in 2003 as National Tenders and Installations Manager to head up the rapidly growing guardrail and wire rope safety barrier supply and installation sector of the Company's business. After several role changes in the intervening years, Casey was appointed as National Engineering / Operations Manager in May of this year.

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

INTEREST IN SHARES

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

Name	Shares
Gary Bertuch	20,000
Darren Hotchkin	5,192,775
Duncan Smith	1,227,580
Gerard (Ged) Keeghan	50,000
David Cleland	19,500

DIVIDENDS

At the Board Meeting held 23 August 2011, the Directors resolved that no final dividend would be paid for the 2010-11 year.

Description	Cents per Share	Total Amount \$	Date of Payment
2010 Final dividend paid (fully franked)	0.0	Nil	N/a
2011 Interim dividend paid (fully franked)	0.0	Nil	N/a
2011 Final dividend (fully franked)	0.0	Nil	N/a

PRINCIPAL ACTIVITIES

The principal activity of the Group for the year 2010-11 continued to be the provision of road safety products and solutions primarily to end users. Some products are sourced from Australian suppliers; some are imported; some are manufactured locally to our specifications and others are manufactured and/or assembled on our premises.

Products and services the Company provides includes flexible guide posts; rubber roundabouts, kerbing and pedestrian islands; variable message sign boards; decorative and standard street and freeway light

poles; traffic signals; permanent and temporary crash cushions and safety barriers; and guardrail and wire rope safety barriers.

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

REVIEW AND RESULTS OF OPERATIONS

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the 2010-11 year, there has been no significant change in the Company's state of affairs.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 18 July 2011 Sarah Christensen commenced as Company Secretary to replace Bill Cruickshank who will be retiring from the Company later in the year.

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 Managing Director'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 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. The Company does not expect the implementation of a carbon tax or similar to have a significant direct impact, but anticipates there could be some increase in its input costs. In respect of its own activities, the Company is not a major emitter of green house gases and falls well below the reporting thresholds set by the National Greenhouse and Energy Reporting Act 2007.

OPTIONS

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

REMUNERATION REPORT

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

During the financial year, the Board appointed Mr David Cleland as an independent Non-Executive Director and member of the Remuneration Committee. The Committee now comprises Mr Gary Bertuch as Chairman, Mr David Cleland and Mr Duncan Smith. The Committee is now compliant with the ASX Corporate Governance Principles in that the majority of the members are independent Directors.

Remuneration of Directors and Key Management Personnel

Non-executive Directors

Total remuneration for non-executive Directors for 2010-11 was \$200,243. Their remuneration packages comprised only fixed Directors' fees plus statutory superannuation and were within the limits set out in the Company's constitution. Currently this limit is set at \$250,000 per annum, and can only be changed at a general meeting.

The Board will be seeking shareholder approval at the October 2011 Annual General Meeting to lift the limit by \$100,000 to \$350,000 to reflect the increase in the number of non-executive Directors from three to five.

Executive Director

The remuneration package for Mr Darren Hotchkin, Managing Director, comprised a base annual salary of \$220,000, statutory superannuation at 9% and a bonus incentive of 5% of NPBT growth over prior year NPBT, payable only if NPAT exceeded \$3.0m.

Because the Company did not achieve NPAT of \$3.0m, no bonus incentive for 2010-11 was paid.

As at 7 February 2011, Mr Hotchkin ceased to be Managing Director but remained on the Board as a Non-Executive Director, drawing directors' fees of \$40,000 per annum plus statutory superannuation at 9%, pro-rated for four months, in lieu of a salary. No termination payout was made to Mr Hotchkin following his resignation as Managing Director apart from his accrued annual leave and long service leave entitlements.

Chief Executive Officer

Mr Wayne Kibbis was appointed as Chief Executive Officer effective from 7 February 2011. His remuneration package comprised a once-off sign-on bonus of \$15,000, a total annual base salary of \$275,000 including superannuation and car allowance and a short term incentive (STI) based on achievement of performance hurdle rates of EBIT for the period February – June 2011.

EBIT achieved in the relevant period was \$1,055k, giving rise to an STI of \$52,778.

General Manager Sales & Operations

Mr Hamish Webb was employed as General Manager Sales & Operations from 1 July 2010 to 25 February 2011. His remuneration package comprised a base annual salary of \$220,000, statutory superannuation at 9% and a bonus incentive of 4% of NPBT growth over prior year NPBT payable only if NPAT exceeded \$3.0m.

Because the Company did not achieve NPAT of \$3.0m, no bonus incentive for 2010 - 11 was paid.

Chief Financial Officer

The remuneration package for Mr Tony Wyatt, Chief Financial Officer, comprised a base annual salary of \$176,000, statutory superannuation at 9% and a bonus incentive of 3% of NPBT growth over prior year NPBT, payable only if NPAT exceeded \$3.0m.

Because the Company did not achieve NPAT of \$3.0m, no bonus incentive for 2010-11 was paid.

Engineering Manager

As from 1 July 2010 Mr Casey McMaster's role changed from Civil Services Manager to Engineering Manager. In the June 2011 quarter his role widened to include responsibility for the manufacturing and assembly operation. His remuneration as Engineering Manager comprised a base salary of \$135,000 plus statutory superannuation at 9% and a performance bonus incentive of 1% NPBT growth over prior year NPBT, payable only if NPAT exceeded \$3.0m.

Because the Company did not achieve NPAT of \$3.0m, no bonus incentive for 2010-11 was paid. The performance bonus paid in 2010-11 related to his position as Civil Services Manager for the 2009-10 year.

PERFORMANCE-BASED REMUNERATION

Performance-based remuneration (bonus incentives) for key management personnel (apart from Mr W Kibbis) for the year 2010-11 was based on the Company performance (NPBT) exceeding that achieved in the prior year (2009-10), payable only if NPAT exceeded \$3.0m.

For 2011-12, all bonus incentive payments proposed are based on achievement of clearly defined and agreed key performance indicators (KPIs). The KPIs are a mix of financial and non-financial targets. The non-financial KPIs differ according to the relevant position held by key management personnel and target, for example, improvement in the Company's safety record.

The short term incentive scheme in place for the Chief Executive Officer is based on achieving EBIT performance hurdles. A long term incentive scheme is based on improved market capitalisation and is payable after the end of FY2013.

EMPLOYMENT CONTRACTS

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

REMUNERATION OF DIRECTORS AND NAMED EXECUTIVES

30 June 2011	Short Term				Post Employment	Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Fringe Benefits	Cash Bonus	Termination Payment	Superannuation	Long Service Leave	Options		
	\$	\$	\$		\$	\$	\$	\$	%
Non Executive Directors									
G Bertuch	71,498	-	-	-	6,930	-	-	78,428	-
G Keeghan	40,000	-	-	-	3,600	-	-	43,600	-
D Smith	40,000	-	-	-	3,600	-	-	43,600	-
D Cleland	20,082	-	-	-	-	-	-	20,082	-
D Hotchkin	13,333	-	-	-	1,200	-	-	14,533	-
Executive Director									
D Hotchkin	150,667	8,088	-	35,219	16,681	-	-	210,655	-
Named Executives									
T Wyatt	176,000	-	-	-	15,840	3,207	-	195,047	-
W Kibbis	101,241	-	67,778	-	9,112	1,647	-	179,778	29%
H Webb **	154,181	9,456		78,484	15,125		-	257,246	
C McMaster	152,500	-	8,407	-	14,246	8,736	-	183,889	7%
Total	919,502	17,544	76,185	113,703	86,334	13,590	-	1,226,858	

** Mr H Webb ceased employment during the year

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		Remuneration	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr G Bertuch	11	11	-	-	1	1
Mr D Hotchkin	11	11	6	6	-	-
Mr D Smith	11	11	6	6	1	1
Mr G Keeghan	11	11	6	6	-	-
Mr D Cleland	6	6	4	4	1	1

DIVERSITY REPORT

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

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

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

The table below shows the gender balance within the Company as at 30 June 2010 and the date of this Report.

	As at 30 June 2010		As at 29 August 2011	
	Male (%)	Female (%)	Male (%)	Female (%)
Board of Directors	100.0%	0.0%	100.0%	0.0%
Senior management	85.7%	14.3%	85.7%	14.3%
Non-senior management	89.2%	10.8%	88.5%	11.5%
Total Company wide	89.3%	10.7%	88.9%	11.1%

NB: Senior Management is defined as the Chief Executive Officer, direct reports to the CEO and the Company Secretary.

During the year the Directors appointed an additional non-executive, independent director to the Board. The search was conducted by a professional recruiting agency. The position was also advertised through the auspices of the Australian Institute of Company Directors. The Board considers that the search for the director was extensive and the recruitment process was conducted fairly and without discrimination.

AUDITORS' INDEPENDENCE DECLARATION

The attached independence declaration has been obtained from the Company's auditors, WHK Audit (Vic).

Signed in accordance with a resolution of Directors



Ged Keeghan
Director
Drouin

29 August 2011

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 and adopted the ASX Corporate Governance Principles and Recommendations (“ASX Governance Principles”) and reports on compliance with these Principles. This Corporate Governance Statement is based on the policies and practices in place and endorsed by the Board. The Board’s objective is to ensure investor confidence in the Company and its operations given its size, stage of development and complexity.

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

The Board advises that it complies with the ASX Corporate Governance Principles set out below on the “if not – why not” basis.

Principle 1 Lay solid foundations for management and oversight.

Recommendation 1.1: Companies should establish and disclose the respective roles and responsibilities of board and management.

The Company has established the functions reserved for the Board and those delegated to Management.

The primary responsibilities of the Board are to:

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

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

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

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

Further information regarding the Board’s broad functions and its powers and responsibilities are contained within the Company’s Corporate Governance Charter, section 2. (A copy of the Charter is located on the Company’s website (www.saferoads.com.au) under the Investor Relations icon.)

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Chief Executive Officer, the Chief Financial Officer, the National Manager - Sales and Marketing and the National Occupational Health, Safety & Environmental Manager are performance-evaluated on an annual basis against key performance indicators (KPIs) clearly stated in position descriptions and as updated annually. A rigorous induction process addressing the Company's background, key business operations and strategic plans is in place for new appointees to senior executive positions to enable them to participate fully and actively in responsible decision making at the earliest opportunity.

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

Recommendation 1.3: Companies should provide information indicated in the Guide to Reporting on Principle 1.

Further information regarding the Board's broad functions and its powers and responsibilities are contained within the Company's Corporate Governance Charter, section 2. (A copy of the Charter is posted on the Company's website (www.saferoads.com.au) under the Investor Relations icon.) Section 2 also refers to Management responsibilities.

The Board confirms that evaluation of senior executives took place in accordance with the process detailed in Recommendation 1.2.

Principle 2 Structure the Board to add value.

Recommendation 2.1: The majority of the board should be independent directors.

The Company acknowledges the importance of having independent directors on its board and is committed to having a board whose members have the capacity to act independently, together with having the composite skills to optimise the financial and operational performance of the Saferoads group.

Up until December 2010, the Board comprised four directors of whom three were non-executive directors and one was the Managing Director, Mr D Hotchkin. In December 2010 the Board appointed a fourth non-executive director, Mr D Cleland. In February 2011, following the appointment of Mr W Kibbis as Chief Executive Officer, Mr Hotchkin resigned as Managing Director and was appointed as a fifth non-executive director. The Board now consists of three independent directors and two non-independent directors. Under the criteria set out in the ASX Corporate Governance Principles, Mr D Hotchkin and Mr D Smith are not deemed to be independent directors for the reasons set out below.

Mr Hotchkin is a founding partner of the business when it was established in 1992. He is a substantial shareholder of the Company and was the Managing Director from the time of incorporation of the Company in 2005 until February 2011 when he resigned from the day-to-day management of the business. He continues to contribute to the Board as a non-executive director.

Mr Smith is a major shareholder, and is a partner in the Company's public accounting firm. He was a founding partner of the business when it was established in 1992. The Board considers that Mr Smith's in-depth knowledge of the business, coupled with his experience as accountant and financial adviser, adds considerable value to his contribution to the Company's strategic management.

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

Recommendation 2.2: The Chair should be an independent director.

The Chairman of the Board, Mr G Bertuch, is an independent director. Mr Bertuch has advised the Board that other positions he holds do not hinder his effective performance in the role of Chairman.

Recommendation 2.3: The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

The roles of chair and chief executive officer are not exercised by the same individual. The Chairman of the Board is Mr G Bertuch and the Chief Executive Officer is Mr W Kibbis. There is clear delineation between their respective duties.

Recommendation 2.4: The Company should establish a nomination committee.

The Company does not have a nomination committee. Given the size of the Board and the Company, it was determined that the Board would execute the functions of a nomination committee and that a separate nomination committee was unnecessary. During the year the Board conducted a search for an additional director experienced in manufacturing industries. The Board used the facilities of the Australian Institute of Company Directors (AICD) and the services of a professional recruiting agency. The Board selected the candidate with the skills and experience most suited to the Company's operation.

Recommendation 2.5: Companies should disclose the process for Board, Committee and Director evaluation.

The Company has in place a Board Evaluation and Performance Review Self Administered Questionnaire which is broadly aligned with the ASX Corporate Governance Principles but which provides for additional comment from each of the directors. The results of the questionnaire are consolidated, and then discussed by the Board. The evaluation process for the 2010-11 year took place in June 2011.

Recommendation 2.6: Companies should provide the information indicated in the Guide to Reporting on Principle 2.

Additional information regarding the skills, experience and qualifications of the directors is disclosed in the Directors' Report.

The right of a director to seek independent legal advice is referred to in the Corporate Governance Charter section 2.9.2.

The Company's Corporate Governance Charter (section 2.6) details the process to be followed when a vacancy exists on the Board. In essence, the Board performs the function of a nomination committee when the size and complexity of the Company warrants an increase in the number of Directors. The Board may engage external professional advisors to assist with the recruitment process and did so with the recent appointment of Mr Cleland.

Principle 3 Promote ethical and responsible decision-making.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or the summary of the code.

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

The Company has entered into employment agreements with the Chief Executive Officer the Chief Financial Officer, the National Manager – Sales and Marketing, the National Occupational Health, Safety & Environmental Manager and with other key management personnel. These agreements address issues of ethical and responsible decision-making in the performance of their respective roles in the Company.

Recommendation 3.2: The Company should establish a policy concerning diversity and disclose the policy or a summary of the policy.

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

In respect to gender diversity the Company notes that it is a small to medium sized enterprise that operates largely in a manufacturing/civil installations environment.

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

Recommendation 3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board and progress towards achieving them.

Having regard to the Company's size and operations and recent executive recruitments, for the first year of reporting the Board has set the objective of maintaining gender diversity across the Company at the levels that exist as at the date of this Report and increasing those levels over time as the business expands. Performance to this objective is contained in the Directors' Report.

Recommendation 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

This information is contained in the Directors' Report.

Recommendation 3.5 Companies should disclose the information indicated in the Guide to reporting on Principle 3.

The Board confirms that the information required in this section of the Corporate Governance Principles and Guidelines is provided.

Principle 4 Safeguard integrity in financial reporting.

Recommendation 4.1: The Board should establish an audit committee.

The Board has established an Audit and Risk Committee.

WHK Armitage Downie has been appointed as the independent external auditor. The independent auditor reports directly to the Audit and Risk Committee, and is also required to attend the annual general meeting of the Company to answer any shareholder questions about the audit and the preparation and content of the audit report.

Recommendation 4.2: Structure of the audit committee.

The Audit and Risk Committee is comprised of Mr G Keeghan (non-executive Director and Chairman of the committee), Mr D Smith and Mr D Cleland (non-executive Directors). Mr Keeghan and Mr Cleland are independent directors. Accordingly, the majority of the members of the Audit and Risk Committee are independent non-executive Directors.

Mr Smith brings to the Committee more than forty years' experience as a public accountant and auditor. Further detail regarding the skills, experience and qualifications of the members of the Audit & Risk Committee is given in the Directors' Report.

Recommendation 4.3: Charter of the Audit Committee.

The Audit and Risk Committee's charter is to advise, maintain and monitor business risk through an appropriate internal framework, and to assist the Board in fulfilling its audit, accounting and reporting obligations. The Audit and Risk Committee's charter is contained within the Company's Corporate Governance Charter (Section 5), a copy of which is located on the Company's website (www.saferoads.com.au) under the Investor Relations icon.

Recommendation 4.4 Companies should provide the information indicated in the Guide to Reporting on Principle 4.

The Audit and Risk Committee met six times during the 2010-11 year, with full attendance. Information regarding the skills, experience and qualifications of the members of the Audit and Risk Committee is disclosed in the Directors' Report.

The Company annually considers the skills and independence of its external auditor. The Company's external audit engagement partner is rotated every five years.

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

Principle 5 Make timely and balanced disclosure.

Recommendation 5.1: Establish written policies designed to ensure compliance with ASX Listing Rules.

The Board is aware of its obligations to make timely and balanced disclosures both to the ASX and to the financial market in general. Continuous disclosure is a standing item on the agenda for each Board meeting. During the course of 2010-11 the Board made several announcements as material issues arose.

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

Recommendation 5.2 Companies should provide the information indicated in the Guide to Reporting on Principle 5.

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

Principle 6 Respect the rights of shareholders.

Recommendation 6.1: Companies should design a communications policy

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

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

During the year 2010-11 the Company issued a newsletter to all shareholders outlining some of the Company's activities, personnel changes and products. (This newsletter was mailed to shareholders on July 6, 2011.)

Recommendation 6.2 Companies should provide the information indicated in the Guide to Reporting on Principle 6.

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

Principle 7 Recognise and manage risk.

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks.

The Audit and Risk Committee referred to under Principle 4 above focuses on both audit and risk. A review of business risks relating to people, product and profit is a standing item on the agenda for each meeting of the Audit and Risk Committee. There is a standing item on the Board agenda to receive a report from the Committee.

Recommendation 7.2: The Board should require Management to design and implement the risk management and internal control system to manage business risk.

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

A register of material business risks has been established, risks have been analysed and evaluated, risk management processes and controls have been put in place and reporting schedules developed. Material business risks that have been evaluated and those risks rated "Very High" are to be reported to the Board on monthly basis. Risks that have been evaluated and rated "High" are reported to the Board/ Audit and Risk Committee every two months. Risks rated at less than "High" are reported to the Board/ Audit and Risk Committee as required and at least annually.

At each Audit and Risk Committee meeting, the internal auditor reports on internal audit findings and the Committee reports to the full Board. The internal auditor has no operational or managerial responsibilities and is considered to be independent.

Senior Management has reported to the Board that it considers that the management of the Company's material business risks has been effective.

Recommendation 7.3: The Board should disclose whether it has received assurance from the CEO and CFO re the declaration provided in accordance with section 295A of the Corporations Act.

The Board confirms that it has received written confirmation from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4 Companies should provide the information indicated in the Guide to Reporting on Principle 7.

The Company confirms that statements by Senior Management referred to in Recommendations 7.2 & 7.3 have been received by the Board.

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

Principle 8 Remunerate fairly and responsibly.

Recommendation 8.1: The Board should establish a Remuneration Committee.

The Board has established a Remuneration Committee. The Committee's Charter is to review and advise the Board on compensation arrangements for Directors and Senior Management. Included in the charter is the responsibility for ensuring that remuneration is fair for all employees regardless of gender and ethnic background. The Committee is aware of its responsibility to ensure that remuneration packages are market competitive and will attract, motivate and retain high-quality personnel.

In light of the Senior Management changes in the latter half of the year, including the appointment of a Chief Executive Officer, it was not considered necessary for the Remuneration Committee to meet during the year to review Senior Management remuneration packages. The usual yearly review of these packages will recommence in the coming year.

Recommendation 8.2: Structure of the Remuneration Committee

The Remuneration Committee is comprised of Mr G Bertuch (non-executive Director and Chairman of the committee), Mr D Smith and Mr D Cleland (non-executive Directors). Mr Bertuch and Mr Cleland are independent directors. Mr Smith is not an independent director.

Accordingly, the majority of the members of the Remuneration Committee are independent non-executive Directors.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive Directors from that of executive Directors and Senior Management.

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

The remuneration of the non-executive directors comprises only directors' fees and statutory superannuation. They have no other entitlement. The remuneration of the senior managers comprises a base salary, car allowance, statutory superannuation and a performance bonus based on the company achieving more than the Net Profit Before Tax (NPBT) achieved in the prior year.

Recommendation 8.4 Companies should provide the information indicated in the Guide to Reporting on Principle 8.

The skills, experience and qualifications of the Remuneration Committee members are detailed in the Directors' Report.

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

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

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

Directors' Declaration

In the opinion of the Directors of Saferoads Holdings Limited:

- (a) the financial statements and notes of the Company and of the consolidated entity and the remuneration disclosures that are contained in the Remuneration Report in the Directors' report are in accordance with the *Corporations Act 2001*, including
 - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on 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*.

Signed in accordance with a resolution of the Directors.

On behalf of the Board.



G Bertuch
Chairman

Dated at Drouin (Vic), this 29th Day of August 2011.

ASX Additional Information

The shareholder information set out below was applicable as at 29 August 2011.

As at this date the Company had on issue 26,000,000 ordinary shares held by 929 shareholders.

Substantial Shareholders

Holdings of substantial shareholders as advised to the Company are set out below.

Holders of relevant interest	Number of ordinary shares in which interest was held
D J Hotchkin	5,192,775
Ruminator Pty Ltd	2,226,725

Twenty largest shareholders

Name	Number of shares	% Held
Mr Darren John Hotchkin	5,192,775	19.972
Ruminator Pty Ltd	1,545,343	5.944
Mr Duncan Francis Smith	1,227,580	4.721
NLKM Pty Ltd <Thompson Family S/F A/C>	922,561	3.548
Contemplator Pty Ltd <ARG Pension Fund A/C>	603,230	2.320
Chainzone Technology (South Pacific) Limited	598,000	2.300
Mr Daniel Spillman	500,000	1.923
Bell Potter Nominees Ltd <BB Nominees A/C>	388,506	1.494
Atkone Pty Ltd	380,296	1.463
Koonung Nominees Pty Ltd	350,000	1.346
Martre Properties Pty Limited <Super Fund Account>	280,000	1.077
Mr Glenn Scott Wadsworth & Mr Ricki Mark Wadsworth	267,092	1.027
UBS Wealth Management Australia Nominees Pty Ltd	200,000	0.769
Mr Milton Yannis	200,000	0.769
Mr James Macky Beveridge & Mr Anthony Christopher Edward <The JM Beveridge Family A/C>	185,900	0.715
Mr Bill Jauleska & Mrs Yagoda Jauleska	183,295	0.705
Cimtek Pty Ltd <Cimteck Super Fund A/C>	160,348	0.617
Mr Allan Walters	156,620	0.602
Wigram Investments Pty Ltd	150,000	0.577
Mr Noel Thompson & Mrs Lorraine Thompson	145,515	0.560
	13,637,061	52.450

Distribution of shareholdings

Range	Total Holders	Units
1 – 1,000	153	92,103
1,001 – 5,000	318	1,032,034
5,001 – 10,000	162	1,411,212
10,001 – 100,000	261	8,019,801
100,001 – and over	35	15,444,850
	929	26,000,000

The number of shareholders holding less than a marketable parcel is 197

VOTING RIGHTS

All ordinary shares carry one vote per share.

NUMBER OF ORDINARY SHARES SUBJECT TO ESCROW

Nil

Corporate Directory

FOR YEAR ENDED 30 JUNE 2011

Directors

Gary Bertuch (Chairman)
Darren Hotchkin
Duncan Smith
David Cleland
Gerard (Ged) Keeghan

Company Secretary

Bill Cruickshank

Registered Office

Lot 8 Weerong Rd
Drouin VIC 3818

Telephone: 03 5625 6600

Facsimile: 03 5625 4986

Share Register

Boardroom Limited
28 Margaret Street
Sydney NSW 2000

PO Box R67

Royal Exchange NSW 1223

Telephone: 02 9290 9600

Facsimile: 02 9279 0664

Solicitors

Maddocks
140 William Street
Melbourne VIC 3000

Andrew Gray & Associates
Old Post Office
102 High St
Berwick VIC 3806

Bankers

Commonwealth Bank of Australia
Warragul Vic 2820

Auditors

WHK Audit (Vic)
445 Raymond Street
Sale Vic 3850

Accountants

Smith McCarthy Wilson
40 Queen Street
Warragul VIC 3820

ASX Code

SRH

INDEPENDENT AUDITOR'S REPORT

445 Raymond Street
SALE Vic 3850

Ausdoc DX 85021

T 03 5144 2500
F 03 5144 5840

To the Members of Saferoads Holdings Limited

Report on the Financial Report

www.whk.com.au

WHK Audit (Vic)
ABN 27 621 602 883

We have audited the accompanying financial report of Saferoads Holdings Limited (the company) and Saferoads Holdings Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the comprehensive income statement, statement of changes in equity and 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 company and 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that 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 that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 confirm that we complied with the independence requirements of the *Corporations Act 2001* and a copy of the independence declaration provided to the directors is attached to the financial report.

Opinion

In our opinion:

- a) the financial report of Saferoads Holdings Limited and Saferoads Holdings Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

www.whk.com.auWHK Audit (Vic)
ABN 27 621 602 883**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of Saferoads Holdings Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.



WHK Audit (Vic)



Rochelle Wrigglesworth

Partner

Place: Sale

Date: 29 August 2011

Auditors Independence Declaration to the Board of Saferoads Holdings Limited

In relation to our audit of the financial report of Saferoads Holdings Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

WHK Audit (Vic)
WHK Audit (Vic)

R. Wigglesworth
Rochelle Wigglesworth
Partner
Place: Sale
Date: 29 August 2011