



ANNUAL REPORT

YEAR ENDED 30 JUNE 2013

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

Saferoads specialises in providing road safety solutions.

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

CONTENTS

Chairman's overview	3
Chief Executive Officer's Review of Operations and Activities	4
Directors' Report	6
Auditor's Independence Statement	15
Corporate Governance Statement	16
Financial Statements	22
Notes to the Financial Statements	26
Directors' Declaration	48
Independent Audit Report	49
ASX Additional Information	52
Corporate Directory	53

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 2012-13.

RESULTS FROM OPERATIONS

The 2013 financial year has been one of transformation for the Company as we continued to respond to the circumstances that led to the very poor results of the previous financial year. We have recorded a consolidated net loss after tax of \$1.389 million (\$1.561 million loss after allowing for once-off net capital gains and restructuring costs). This was a significant improvement on the previous financial year's net loss of \$9.219 million (\$4.252 million loss before the significant goodwill impairment write-down).

CASH AND BANK DEBT MANAGEMENT

The current financial year has benefited from our strong and effective focus on working capital management. Cash from operating activities generated \$2.376 million to provide us with a critical component that assisted us to have a cash holding at year-end of \$2.241 million after investing \$0.5 million on necessary fixed asset additions, mainly on our high-margin yielding rental assets. We have also repaid \$2.6 million (or 31%) of our core bank debt. This was done from the \$2.666 million of proceeds received from the sale of non-core assets, which mainly included the sale and leaseback of our head office site in Drouin, Victoria, and the sale of the Traffic Signals product portfolio during the year.

The Company has now secured revised terms to its existing core financing facilities with our banker, including a suitable debt repayment plan in the context of our ongoing business transition program and our budgeted working capital requirements. This has also allowed us to return to the disclosure of a large proportion of our bank debt at 30 June 2013 as non-current.

STRATEGIC OPTIONS

As noted in our recent announcements to the market, the Company has also worked with a strategic advisor to explore and review options aimed at increasing shareholder value from alternate business structures and business combinations. A number of opportunities were identified but have gone no further than an initial assessment. The Directors continue to remain open to opportunities that will represent value to shareholders or assist to restore a more suitable debt equity position however the preservation of our trading recovery capability is our prime objective.

ACKNOWLEDGMENTS

I would like to acknowledge the efforts and loyalty of our staff who have worked tirelessly in what is a difficult and challenging transitional period for the business. I look forward to their support in taking the business further forward and returning it to profitable operations.

I also wish to acknowledge the significant dedication and contribution of Mr Gary Bertuch who held the office of Chairman for 8 years from the listing of the Company in 2005 until his decision to step down as a director on 19 August 2013.

Finally I thank our shareholders for your patience and support as you endure this very difficult period for the Company. I can assure you that the directors, management and staff are focused on improving the financial performance and position of the company and in turn progressively restoring its corporate value.



David Ashmore
Chairman of the Board
Drouin

27 September 2013

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS AND ACTIVITIES

Dear Shareholder,

The transformation of our Company continues in earnest and we have made some significant inroads to returning the Company to profitability.

PERFORMANCE DURING 2012-2013

The Company's core business continues to focus on the supply of total road safety solutions in the Australian market. The Company generated annual operating revenues of \$24.3 million (FY2012: \$35.3 million) and a net loss after tax of \$1.4 million (FY2012: \$9.2 million loss). For the full year, operating revenue fell by 31%. This was largely attributed to the cessation of the Energy Absorption Systems Inc. Distribution Agreement which took effect from 30 June 2012, the sale of the Traffic Signals product portfolio in early November 2012, and the streamlining of the Civil Services offering nationally. Whilst revenue was down 31%, our greater focus on enhancing trading margin has delivered an improved gross profit margin outcome and the overall gross profit derived for the period was only 19% down on the previous year.

The amount of our overhead expenses below gross margin and after excluding restructuring and impairment charges has reduced from \$14.671 million in 2012 to \$10.350 million in 2013, a reduction of \$4.321 million or 29%. This is the major factor in the improvement in our underlying operating result.

Some product lines and services experienced reductions in sales volume as a result of reduced activity in the road construction industry as State and local governments continued to experience the challenge of reduced Federal budget allocations. However we were able to find pockets of demand with an increase in volumes of some of our core products such as our Snaploc™ guide posts, Omni-stop™ impact-absorbing bollards, traffic calming solutions including speed humps and wheel-stops, and our proprietary impact-absorbing Safepole product. The growth in sales of these core products has come from a greater focus on customer relationships and we expect this to continue into future financial years for these as well as our other product and service offerings. This is largely as a result of a restructured sales and marketing function within the business where the emphasis is on identifying the key higher margin markets where there is demand for our quality solutions.

The introduction of our Work Zone Solutions offering is a good example of this enhanced marketing initiative whereby we offer a more flexible approach to our customers' work zone safety needs by offering a broader hire and/or purchase solution. This approach, is gaining traction with some key relationships established and good sales orders, particularly in Western Australia and Queensland, where there are some solid prospects on the horizon.

Our Civil Services offering has been streamlined nationally to now comprise a core Victorian base, and we finished the year strongly, with some significant works, particularly in Northern and North-Eastern Victoria, including some fire repair works in and around Mount Hotham and the Alpine National Park following last summer's bushfires. The Civil services space continues to be tightly contested with fewer contracts being allocated through the reduction in road budget spending. However, through the development of some strategic alliances we believe we can be at the forefront of winning future tenders and we have recently secured some new contracts that should help us maintain and grow our market share in this area.

We have seen overall costs in the business below the gross profit line reduce significantly as we have focussed on how we become more effective and efficient in delivering our sales and supporting the business. We now have a continuous cost control and process improvement mindset to ensure we continue to justify expenditures and enhance efficiency.

LOOKING AHEAD

Management acknowledge that FY2013 produced another poor profit result. However, the business continues to work hard on rebuilding our market share for its innovative and value-added products and services and with a renewed focus on improving margins. We also continue to look for cost efficiencies, without compromising the quality of our products or our customer service. I am pleased to report that the business has started the current financial year well, securing some significant new orders in both Product sales and Civil Services and making further inroads into overhead reductions.

We are also refocussing our efforts on product innovation, an area which has previously underpinned the company's past growth and performance and which should continue to be a major element of our business. To this end, a number of opportunities have been identified leading to some development projects which are underway in areas we believe will provide leading-edge solutions into the future of road safety solutions.

Finally, I would like to acknowledge my Senior Management Team and our staff, who have worked tirelessly in what has been a challenging year for the business and I look forward to their support in taking the business forward into its next successful phase of revenue growth and profit turnaround.

A handwritten signature in black ink, appearing to read 'Darren Hotchkin', with a long horizontal line extending to the right.

Darren Hotchkin
Chief Executive Officer
Drouin

27 September 2013

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2013.

DIRECTORS

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

DIRECTOR PROFILES

Gary C Bertuch (Age 62) **Non-Executive Chairman (resigned 19 August 2013)**

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

He has extensive experience in the project development, capital raising and construction industries. 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.

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

Darren J Hotchkin (Age 49) **Executive Director/Chief Executive Officer**

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

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

As 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.

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

David Cleland (Age 68) (Dip.ME GAICD FIE (retired))
Non-Executive Director

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

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

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

David Ashmore (Age 61) (FCA GAICD F.FIN)
Non-Executive Director (appointed 22 November 2012)
(Appointed Non-Executive Chairman 19 August 2013)

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

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

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

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

Duncan Smith (Age 70) (FCPA CTA CFP AIMM)
Non-Executive Director (resigned 21 November 2012)

Duncan was appointed to the Board on 21 October 2005 and was re-elected at the October 2006 and October 2009 AGMs. He resigned as Director on 21 November 2012. He was Chairman of the Audit and Risk Committee and a member of the Remuneration Committee up until his resignation from the Board.

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 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, a Certified Financial Planner, a Chartered tax advisor and a member of the Australian Institute of Management.

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

COMPANY SECRETARIES

Kim Clark (Age 44)

Company Secretary (appointed 31 July 2013)

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

Fleur Guenther (Age 30)

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

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

Fleur is a Chartered Company Secretary and associate member of the Institute of Chartered Secretaries Australia. She holds a Masters of Applied Commerce (Accounting) from the University of Melbourne, a Graduate Diploma in Applied Corporate Governance and a Bachelor of Arts from the University of Sydney.

Bill Cruickshank (Age 70)

Company Secretary (resigned 18 July 2012)

Bill joined Saferoads Pty Ltd in June 2002 and was appointed as Company Secretary on 21 October 2005 resigning on 18 July 2011. Bill was reappointed Company Secretary from 16 March 2012 to 18 July 2012.

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.

KEY MANAGEMENT PROFILES

Peter Fearn

Chief Financial Officer

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

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

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

Paul Williams
National Workzone Solutions Manager

Paul joined Saferoads in July 2010 as the National Rental Manager, starting up the Barrier Rental portfolio. In January 2012 he was appointed as the National Sales Manager responsible for the sales and marketing strategies, along with the branch network operations. In February 2013, Paul was appointed National Workzone Solutions Manager to focus on providing customers with the choice of buying or renting various workzone products provided by the Company.

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

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

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 2011.

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

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

Peter Rogers
General Manager – Southern Region

Peter joined Saferoads in April 2012 as the Victorian State Manager. He was subsequently appointed to his current role in May 2013 to develop and implement appropriate sales strategies to build and improve stronger customer relationships for Victoria, South Australia, Western Australia and Tasmania.

Peter's senior management experience extends over 20 years including General Manager of a national manufacturer of polyurethane foams; GM of a manufacturer and installer of housing products; and Regional Manager of a national concrete products business.

Peter holds a Masters of Business Management.

Hamish Webb
General Manager – Northern Region

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

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

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

INTEREST IN SHARES

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

Name	Shares
David Ashmore	200,000
Darren Hotchkin	5,292,775
David Cleland	69,500
Gary Bertuch (resigned 19 August 2013)	nil

DIVIDENDS

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

No interim or final dividend was declared or paid for the financial year ended 30 June 2012.

PRINCIPAL ACTIVITIES

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

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

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

REVIEW AND RESULTS OF OPERATIONS

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the 2012-13 year, there has been no significant change in the Company's state of affairs other than as disclosed in this financial report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

OPTIONS

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

REMUNERATION REPORT

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

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS

Total remuneration for non-executive Directors for 2012-13 was \$190,385. Their remuneration packages comprised only fixed Directors' fees plus statutory superannuation (where applicable) and were within the limits set out in the Company's constitution. Currently this limit is set at \$350,000 per annum, and can only be changed at a general meeting.

EXECUTIVE DIRECTOR

The remuneration package for Mr Darren Hotchkin, Chief Executive Officer, comprised a total salary package of \$250,000, inclusive of superannuation, and also a Short Term Incentive ("STI"). The STI was structured as an amount of \$50,000 upon achieving the Company's budgeted Profit before Tax ("PBT"); \$0 at breakeven and linear interpolation between \$0 and budgeted PBT; and an additional 10% of PBT above budget. As the Company did not achieve a PBT above \$0 for FY2013, no bonus incentive was paid or payable.

KEY MANAGEMENT PERSONNEL

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

PERFORMANCE-BASED REMUNERATION

Performance-based remuneration (bonus incentives) for Key management personnel (apart from Mr Hotchkin) for the year ended 30 June 2013 was based on the Company performance (PBT) exceeding budget. As the Company did not exceed budgeted PBT for FY2013, there was no performance-based remuneration (bonus incentives) paid or payable to key management personnel for the year.

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

	2013	2012	2011	2010	2009
EPS (cents)	(5.3)	(35.5)	2.9	7.8	5.5
Net profit/(loss) (\$)	(1,388,899)	(9,219,362)	747,672	2,035,154	1,437,081
Share price (\$)	\$0.06	\$0.09	\$0.22	\$0.44	\$0.38

EMPLOYMENT CONTRACTS

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

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2013

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

* departed during the year

^ commenced during the year

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

30 June 2012

	Short Term				Post Employment	Long Term	Share Based Payment	Total	Performance Related
	Salaries & Fees	Fringe Benefits	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non Executive Directors									
G Bertuch	65,998	-	-	-	5,940	-	-	71,938	-
G Keeghan *	31,231	-	-	-	2,811	-	-	34,042	-
D Smith	40,000	-	-	-	3,600	-	-	43,600	-
Executive Directors									
D Hotchkin +	169,600	-	-	-	3,600	-	-	173,200	-
D Cleland #	139,225	-	-	-	-	-	-	139,225	-
Executives									
W Kibbis *	88,142	22,117	-	63,074	15,128	-	-	188,461	-
T Wyatt *	57,964	11,079	-	-	6,214	-	-	75,257	-
A Piscopo *	170,092	-	-	26,168	15,308	-	-	211,568	-
P Williams	144,028	15,972	-	-	14,400	3,020	-	177,420	-
P Fearn ^	91,538	-	-	-	8,238	1,506	-	101,282	-
C McMaster	151,211	15,928	-	-	15,042	2,841	-	185,022	-
A Connor *	103,371	8,011	-	-	10,024	-	-	121,406	-
Total	1,252,400	73,107	-	89,242	100,305	7,367	-	1,522,421	

* departed during the year

^ commenced during the year

+ includes Executive Director fees of \$129,600 for the period 1 December 2011 to 30 June 2012

includes Executive Director fees of \$99,225 for the period 28 November 2011 to 30 June 2012

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	12	12	- *	- *	1	1
Mr D Hotchkin	12	10	-	-	-	-
Mr D Cleland	12	12	7	7	1	1
Mr D Ashmore	8	8	4	4	1	1
Mr D Smith	4	4	3	3	-	-

*Attended by invitation

DIVERSITY REPORT

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

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

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

The table below shows the gender balance within the Company in September 2012 and the date of this report.

	September 2012		September 2013	
	Male (%)	Female (%)	Male (%)	Female (%)
Board of Directors	100.0%	0.0%	100.0%	0.0%
Senior management *	75.0%	25.0%	83.3%	16.7%
Non-senior management	90.2%	9.8%	84.0%	16.0%
Total Company wide	89.8%	10.2%	84.8%	15.2%

* Senior Management is defined as direct reports to the CEO and the Company Secretary

AUDITORS' INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of Directors



David Ashmore

Director

Drouin

27 September 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Saferoads Holdings Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 27 September 2013

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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 via the Corporate Governance Charter 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.

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 Workzone Solutions Manager, the Regional General Managers and the National Engineering/Operations Manager are performance-evaluated by the Board on an annual basis against key performance indicators (KPIs) clearly stated in position descriptions and as updated annually.

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

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.

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. As at the end of the 2013 Financial Year, the Board comprised three independent directors and one non-independent director. With the subsequent resignation of Mr Bertuch on 19 August 2013, the number of independent directors was reduced to two.

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

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

Recommendation 2.2: The Chair should be an independent director.

The Chairman of the Board, Mr D Ashmore, is an independent director. Mr Ashmore has advised the Board that other positions he holds do not hinder his effective performance in the role of Chairman or pose any conflict of interest.

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

The Chairman of the Board is Mr D Ashmore and the Chief Executive Officer is Mr D Hotchkin. There is clear delineation between their respective duties.

Recommendation 2.4: The Company should establish a nomination committee.

The Company does not have a formal nomination committee. Given the size of the Board and the Company, it was determined that all the members of the Board would execute the functions of a nomination committee and that a separate nomination committee was previously felt unnecessary. When the Board considers it appropriate to increase the number of directors, the Board will fully brief external agencies to develop a short list of suitable potential candidates, recognising of the skills required to maximise the effectiveness of the Board and taking into account the Company's Diversity and Equality Policy. The Board as a whole will conduct final interviews. The Board has proposed to create a combined Nomination and Remuneration Committee to carry out the duties of both functions under the one Committee.

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 and provides for additional comment from each of the directors. The results of the questionnaire are consolidated, and then discussed by the Board. The evaluation process for the 2012-13 year is currently in progress

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.

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 Financial Officer, the National Workzone Solutions Manager, the Regional General Managers and the National Engineering/Operations 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 and Equality Policy which enshrines diversity and equality of employment throughout all levels of the Company.

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

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

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

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.

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

Recommendation 4.2: Structure of the audit committee.

The Audit and Risk Committee comprised of Mr D Ashmore (non-executive Director and Chairman of the committee from 18 December 2012), and Mr D Cleland. Prior to 18 December 2012 the Committee comprised of Mr D Cleland, and Mr D Smith (Chairman of the Committee up to his resignation from the Board).

Subsequent to 19 August 2013 and as a result of the appointment of Mr D Ashmore as Chairman of the Board, the role of Chair of the Audit Committee has been held by Mr D Cleland. The Committee continues to comprise of two independent non-executive directors. Given the size of the Company and the Board, the structure of the Committee is such that all non-executive Board members are involved.

It is therefore considered that this structure is appropriate until such time as appointment of a further director is considered.

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

Recommendation 4.3: Charter of the Audit Committee.

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

Responsibilities include:

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

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

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

Information regarding the skills, experience and qualifications of the members of the Audit and Risk Committee is disclosed in the Directors' Report along with the number of meetings held and attendance information.

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

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 2012-13 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.

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. The Committee is responsible for ensuring that adverse risks are identified and appropriate actions put in place to mitigate those risks.

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.

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 website (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 Company was not included in the S&P/ASX 300 Index at the beginning of the financial year and therefore is not required to meet the requirements of Listing Rule 12.8 to have a Remuneration Committee. However, the Board is committed to ensuring that appropriate remuneration practices are established and followed within the Company, and that they are aligned with its Corporate Strategy. For this reason the Company has established a Remuneration Committee.

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

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

Recommendation 8.2: Structure of the Remuneration Committee

The Remuneration Committee is comprised of Mr D Ashmore (non-executive Director and Chairman of the committee) and Mr D Cleland. Mr G Bertuch was chairman of the committee up to his resignation from the Board on 19 August 2013. Prior to 18 December 2012 the Committee comprised of Mr D Cleland, Mr G Bertuch (chairman of the Committee) and Mr D Smith (up to his resignation from the Board)

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive Directors remuneration 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, statutory superannuation and the opportunity to receive a performance bonus based on the company exceeding budget Profit Before Tax ("PBT") achieved in the financial year.

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

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.

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Profit or Loss and Other
Comprehensive Income
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	CONSOLIDATED	
		2013	2012
		\$	\$
Revenue	4	24,324,510	35,318,402
Cost of sales		(16,275,333)	(25,382,215)
Gross profit		8,049,177	9,936,187
Other income	4	778,507	106,814
Employee benefits		(5,463,130)	(7,208,855)
Depreciation and amortisation		(645,737)	(853,406)
Finance costs		(617,266)	(754,845)
Impairment of goodwill		-	(4,967,561)
Restructuring costs	4	(394,859)	-
Other expenses		(3,623,771)	(5,854,084)
Profit/(loss) before income tax		(1,917,079)	(9,595,750)
Income tax benefit/(expense)	5	528,180	376,388
Net profit/(loss) for the period		(1,388,899)	(9,219,362)
Net profit/(loss) attributable to members of the parent		(1,388,899)	(9,219,362)
Other comprehensive income			
<i>Items that may be classified subsequently to profit or loss</i>			
Exchange differences on translating foreign controlled entity		15,036	(28,633)
Total comprehensive income for the period		(1,373,863)	(9,247,995)
Total comprehensive income attributable to members of the parent		(1,373,863)	(9,247,995)
Earnings per share		Cents	Cents
- Basic for profit/(loss) for the full year	6	(5.3)	(35.5)
- Diluted for profit/(loss) for the full year	6	(5.3)	(35.5)
Dividend paid per share (cents)	7	-	-

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Financial Position
AS AT 30 JUNE 2013

	Notes	CONSOLIDATED	
		2013	2012
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		2,240,533	681,944
Trade and other receivables	9	3,291,316	6,638,307
Income tax receivable		-	53,482
Inventories	10	4,054,260	6,467,386
Prepayments		373,567	602,432
		9,959,676	14,443,551
Assets classified as held for sale	23	85,567	1,023,617
Total Current Assets		10,045,243	15,467,168
Non-current Assets			
Property, plant and equipment	11	4,291,833	4,682,481
Intangible assets	12	475,178	567,745
Deferred tax assets	5	881,639	358,812
Total Non-current Assets		5,648,650	5,609,038
TOTAL ASSETS		15,693,893	21,076,206
LIABILITIES			
Current Liabilities			
Trade and other payables	13	2,538,491	3,790,848
Unearned income		223,349	78,752
Interest-bearing loans and borrowings due within 12 months	14	597,715	1,384,246
Provisions	15	603,996	517,587
		3,963,551	5,771,433
Borrowings classified as current	14	-	7,200,000
Total Current Liabilities		3,963,551	12,971,433
Non-current Liabilities			
Interest-bearing loans and borrowings	14	5,175,095	170,531
Provisions	15	31,993	37,125
Total Non-current Liabilities		5,207,088	207,656
TOTAL LIABILITIES		9,170,639	13,179,089
NET ASSETS		6,523,254	7,897,117
EQUITY			
Contributed equity	16	4,130,708	4,130,708
Reserves	16	(64,567)	(79,603)
Retained earnings	16	2,457,113	3,846,012
TOTAL EQUITY		6,523,254	7,897,117

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed Equity \$	Reserves \$	Retained Earnings \$	Total Equity \$
CONSOLIDATED				
At 1 July 2011	4,130,708	(50,970)	13,065,374	17,145,112
Net profit/(loss) for the period	-	-	(8,929,629)	(8,929,629)
Other comprehensive income for the period	-	(28,633)	-	(28,633)
At 30 June 2012	4,130,708	(79,603)	4,135,745	8,186,850
At 1 July 2012	4,130,708	(79,603)	4,135,745	8,186,850
Adjustment on correction of error (refer note 24)	-	-	(289,733)	(289,733)
Restated total equity at 1 July 2012	4,130,708	(79,603)	3,846,012	7,897,117
Net profit/(loss) for the period	-	-	(1,388,899)	(1,388,899)
Other comprehensive income for the period	-	15,036	-	15,036
At 30 June 2013	4,130,708	(64,567)	2,457,113	6,523,254

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	CONSOLIDATED	
		2013 \$	2012 \$
Cash flows from operating activities			
Receipts from customers		30,532,973	41,367,115
Payments to suppliers and employees		(27,623,434)	(40,166,306)
		2,909,539	1,200,809
Interest received		24,674	13,582
Interest paid		(617,180)	(759,051)
Income tax refund/(paid)		58,835	(174,851)
Net cash flows from operating activities	8	2,375,868	280,489
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,666,122	30,768
Purchase of property, plant and equipment		(489,403)	(261,834)
Product development costs		(12,898)	(60,869)
Net cash flows from investing activities		2,163,821	(291,935)
Cash flows from financing activities			
Proceeds from borrowings		-	131,364
Repayment of borrowings		(2,981,967)	(392,518)
Net cash flows from financing activities		(2,981,967)	(261,154)
Net increase/(decrease) in cash and cash equivalents		1,557,722	(272,600)
Cash and cash equivalents at beginning of period		681,944	954,174
Effects of exchange rate changes on cash		867	370
Cash and cash equivalents at end of period	8	2,240,533	681,944

The accompanying notes form part of these financial statements

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

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.

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

(b) Statement of compliance

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

New and amended standards adopted by the group

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (Applies annual reporting periods beginning on or after 1 July 2012)

AASB 2011-9 requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its financial statements.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

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

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

(ii) *AASB 10 Consolidated Financial Statements*, *AASB 12 Disclosure of Interests in Other Entities*, revised *AASB 127 Separate Financial Statements*, *AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* and *AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments* (effective 1 January 2013)

In August 2011, the AASB issued new and amended standards which address the accounting for consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in *AASB 127 Consolidated and Separate Financial Statements*, and Interpretation *12 Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 12 sets out the required disclosures for entities reporting under the new standard and replaces the disclosure requirements currently found in *AASB 127*. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group will adopt the new standard from its operative date, which means that it will be applied in the annual reporting period ending 30 June 2014.

The financial statements were authorised for issue by the Directors on 27 September 2013. The Directors have the power to amend and reissue the financial statements.

(c) Basis of consolidation

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

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

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

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

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

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

(d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

(e) Property, plant and equipment

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

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

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

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

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

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

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

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

(h) Goodwill and intangible assets

Goodwill

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

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

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

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

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

Intangibles

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

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

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

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

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

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 statement of comprehensive income when the asset is derecognised.

(i) Inventories

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

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

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

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

(j) Trade and other receivables

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

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

(k) Cash and cash equivalents

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

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

(l) Assets classified as held for sale

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

(m) Interest-bearing loans and borrowings

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

Interest expense is recognised as it accrues.

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

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

(n) Leases

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

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

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

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

(o) Provisions

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

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

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

(p) Contributed equity

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

(q) 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.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

(r) 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.

(s) Income Tax

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

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

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

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

(t) 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.

(u) 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.

(v) 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.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

(w) Derivative Financial Instruments

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

(x) Critical Accounting Estimates and Judgements

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

Key Judgements

(i) Provision for Impairment of Receivables

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

(y) Going Concern

The consolidated entity has incurred an operating loss after tax of \$1,388,899 for the financial year ended 30 June 2013.

The Company entered into a revised borrowing facilities agreement with its financier, Commonwealth Bank of Australia, prior to the end of the financial year, following the financier's review of the current financial and operating position together with management's forward projections for the next 12 months. The financier has agreed a debt repayment plan subject to the Company meeting its financial reporting covenants.

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

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

- continue to manage the performance of the business, including increasing operating cash flows and reducing overheads
- derive sufficient revenue from its existing operations
- secure further profitable sales contracts
- meet the minimum repayment plan and reporting covenants set by the financier

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

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

3 SEGMENT INFORMATION

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

Geographical information

	Sales to external customers		Non-current assets	
	2013 \$	2012 \$	2013 \$	2012 \$
Australia	24,080,129	33,773,296	5,648,650	5,458,700
New Zealand	244,381	1,545,106	-	150,338
	24,324,510	35,318,402	5,648,650	5,609,038

4 REVENUES AND EXPENSES

(a) Specific Items

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

	CONSOLIDATED	
	2013 \$	2012 \$
(i) Revenue		
Sale of goods	24,324,510	35,318,402
(ii) Other income		
Net gain/(loss) on sale of assets	643,354	(11,180)
Interest	24,674	13,582
Other	110,479	104,412
	778,507	106,814
	25,103,017	35,425,216
(iii) Expenses		
Restructuring costs incurred and provided for	394,859	-
Bad and doubtful debts	41,962	136,801
Writedown of product development costs previously capitalised	-	341,074
Motor vehicle costs	737,357	1,005,256
Occupancy costs	861,561	854,477
IT & Communications costs	274,268	409,262

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2013 are:

	CONSOLIDATED	
	2013 \$	2012 \$
Statement of Comprehensive income		
Current income tax charge	(528,180)	(1,419,906)
Deferred income tax	-	(24,845)
Adjustments in respect of current income tax of previous period	-	7,269
Tax losses not brought to account	-	1,061,094
Income tax expense/(benefit) reported in statement of comprehensive income	(528,180)	(376,388)

A reconciliation of income tax expense applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

Accounting profit/(loss) before income tax	(1,917,079)	(9,595,750)
At the statutory income tax rate of 30%	(575,124)	(2,878,725)
Adjustments in respect of current income tax of previous period	-	7,269
Tax concessional items	-	-
Expenditure allowable for income tax purposes	-	(16,964)
Non-deductible expenses	46,944	1,370,302
Tax losses not brought to account	-	1,061,094
Deferred tax assets relating to temporary differences not brought to account	-	80,636
	(528,180)	(376,388)

	Statement of Financial Position		Statement of Comprehensive Income	
	2013 \$	2012 \$	2013 \$	2012 \$
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
<i>Deferred income tax asset/(liability)</i>				
Employee entitlements	110,300	128,601	18,301	32,085
Research & Development Costs	(136,862)	(163,114)	(26,252)	(101,704)
Other	-	115,149	115,149	(35,862)
Deferred tax assets relating to temporary differences not brought to account	26,562	(80,636)	(107,198)	80,636
Carry forward tax losses brought to account	881,639	358,812	-	-
Gross deferred income tax (liability)/asset	881,639	358,812	-	-
Deferred income tax charge			-	(24,845)

As at 30 June 2013, the consolidated entity has carry forward tax losses with a tax effect of \$1,948,086. Carry forward tax losses with a tax effect of \$881,639 have been brought to account as a deferred tax asset comprising \$358,812 from 2012 and \$522,827 from 2013. Carry forward tax losses with a tax effect of \$1,061,094 relating to prior year has not been brought to account.

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

6 EARNINGS PER SHARE

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

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

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

	CONSOLIDATED	
	2013	2012
	\$	\$
Net profit/(loss) attributable to equity holders from continuing operations	(1,388,899)	(9,219,362)
Net profit/(loss) attributable to equity holders of the parent	(1,388,899)	(9,219,362)
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share	(1,388,899)	(9,219,362)
Weighted average number of ordinary shares for basic earnings	26,000,000	26,000,000
Adjusted weighted average number of ordinary shares for diluted earnings per share	26,000,000	26,000,000
	Cents	Cents
- Basic for profit/(loss) for the full year	(5.3)	(35.5)
- Diluted for profit/(loss) for the full year	(5.3)	(35.5)

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	
	2013	2012
	\$	\$
Equity dividends on ordinary shares:		
Interim franked dividend for 2013: 0.0 cents (2012: 0.0 cents)	-	-
Dividends proposed and not recognised as a liability:		
Final franked dividend for 2013: 0.0 cents (2012: 0.0 cents)	-	-
Franking Credit Balance:		
The amount of franking credits available for future reporting periods after the payment of income tax payable and the impact of dividends proposed.	5,391,050	5,391,073

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

8 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2013 \$	2012 \$
Reconciliation of cash		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	2,240,533	681,944
Reconciliation from the net profit/(loss) after tax to the net cash flows from operations		
Profit/(loss) after tax for the year	(1,388,899)	(9,219,362)
Adjustments for:		
Depreciation and amortisation	645,737	853,406
Impairment of goodwill	-	4,967,561
Impairment of plant and equipment	-	49,907
Product development costs writedown	-	341,074
Net (profit)/loss on disposal of plant and equipment	(643,354)	11,180
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	3,346,991	2,320,376
(Increase)/decrease in inventories	1,668,187	3,919,586
(Increase)/decrease in other assets	282,347	(76,633)
Decrease/(increase) in deferred tax asset	(522,827)	(358,812)
(Decrease)/increase in deferred tax liability	-	(24,845)
(Decrease)/increase in trade and other payables	(1,238,188)	(2,367,192)
(Decrease)/increase in unearned income	144,597	(23,050)
(Decrease)/increase in provisions	81,277	1,393
(Decrease)/increase in current tax liabilities	-	(114,100)
Net cash from operating activities	2,375,868	280,489

9 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	3,369,857	6,888,307
Provision for impairment	(78,541)	(250,000)
	3,291,316	6,638,307

Ageing of trade and other receivables not impaired

1 - 30 days	2,020,516	3,505,850
31 - 60 days	825,565	2,460,049
61 - 90 days	141,543	364,376
91 days and over	303,692	308,032
	3,291,316	6,638,307

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

Movement in provision for impairment

Balance at the beginning of financial year	250,000	175,000
Amounts written off	(211,459)	(86,792)
Additional impairment provision recognised	40,000	161,792
	78,541	250,000

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

	CONSOLIDATED	
	2013 \$	2012 \$
10 INVENTORIES		
Stock on hand	4,054,260	6,467,386
11 PROPERTY, PLANT AND EQUIPMENT		
Land	-	-
Buildings at cost	-	-
Less accumulated depreciation	-	-
	-	-
Plant & equipment at cost	7,713,426	7,949,862
Less accumulated depreciation	(3,421,593)	(3,267,381)
	4,291,833	4,682,481
Total property, plant & equipment	4,291,833	4,682,481

Movements in Carrying Amounts

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

	Land \$	Buildings \$	Plant & Equipment \$	Total \$
Balance at 1 July 2011	57,000	427,127	5,563,204	6,047,331
Additions	-	2,185	259,649	261,834
Assets transferred from inventory	-	-	277,377	277,377
Depreciation expense	-	(35,532)	(753,057)	(788,589)
Impairment	-	-	(49,907)	(49,907)
Reclassified as held for sale (refer Note 23)	(57,000)	(393,780)	(572,837)	(1,023,617)
Disposals	-	-	(41,948)	(41,948)
Carrying amount at 30 June 2012	-	-	4,682,481	4,682,481
Balance at 1 July 2012	-	-	4,682,481	4,682,481
Additions	-	-	551,232	551,232
Assets transferred from Product development costs	-	-	23,683	23,683
Depreciation expense	-	-	(596,993)	(596,993)
Reclassified as held for sale (refer Note 23)	-	-	(85,567)	(85,567)
Disposals	-	-	(283,003)	(283,003)
Carrying amount at 30 June 2013	-	-	4,291,833	4,291,833

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

	CONSOLIDATED	
	2013	2012
	\$	\$
12 INTANGIBLE ASSETS		
Goodwill	-	-
Licence agreements at cost	73,677	73,677
Less accumulated amortisation	(54,704)	(49,645)
	18,973	24,032
Product development costs	563,809	609,246
Less accumulated amortisation	(107,604)	(65,533)
	456,205	543,713
	475,178	567,745

(a) Movement in carrying amounts	Goodwill	License Agreement	Product Devt Costs	Total
	\$	\$	\$	\$
Balance at 1 July 2011	4,967,561	30,040	882,727	5,880,328
Capitalisation of costs	-	-	60,869	60,869
Amortisation expense	-	(6,008)	(58,809)	(64,817)
Impairment losses	(4,967,561)	-	(341,074)	(5,308,635)
Carrying amount at 30 June 2012	-	24,032	543,713	567,745
Balance at 1 July 2012	-	24,032	543,713	567,745
Capitalisation of costs	-	-	12,898	12,898
Amortisation expense	-	(5,059)	(43,685)	(48,744)
Transfers to Property, plant & equipment	-	-	(23,683)	(23,683)
Disposals	-	-	(33,038)	(33,038)
Carrying amount at 30 June 2013	-	18,973	456,205	475,178

(b) Impairment test for goodwill

At 31 December 2011, an assessment of the carrying amount of goodwill was conducted, which determined that the carrying amount of goodwill exceeded the recoverable amount and an impairment loss of \$4,967,561 was recognised. An impairment loss recognised for goodwill cannot be reversed in a subsequent period.

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2013	2012
	\$	\$
Trade payables	2,192,333	2,762,248
Accrued expenses	322,363	914,289
GST payable	23,795	114,311
	2,538,491	3,790,848

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

14 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	2013 \$	2012 \$
Current		
Hire purchase	147,715	384,246
Bank loans	450,000	1,000,000
	597,715	1,384,246
Bank loans classified as current	-	7,200,000
	597,715	8,584,246
Non-current		
Hire purchase	25,095	170,531
Bank loans	5,150,000	-
	5,175,095	170,531

The Group's borrowing facilities are provided by Commonwealth Bank of Australia ("CBA"). Prior to the completion of the prior year's financial report, the Group was in breach of one of its required reporting covenants as a result of the reduction in earnings for the financial year ended 30 June 2012. Australian Accounting Standard AASB 101 - Presentation of Financial Statements, required that the non-current portion of these borrowings be classified as a current liability at the previous balance date. The Group did not and has not defaulted on any payments or reporting obligations in relation to the borrowing facility.

The Group was in compliance with its revised reporting covenants at 30 June 2013 and has negotiated a suitable debt repayment plan. Therefore, in accordance with Australian Accounting Standard AASB 101, the Company's long term loans are classified as current and non-current according to those amounts due within 12 months and those due after 12 months.

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

	CONSOLIDATED	
	2013 \$	2012 \$
Financing facilities available		
At reporting date, the following financing facilities had been negotiated and were available:		
Total facilities:		
- bank bills	5,600,000	7,200,000
- bank overdraft	-	300,000
- bank charge card	150,000	300,000
- trade facilities including bank guarantees	357,087	2,800,000
Facilities used at reporting date		
- bank bills	5,600,000	7,200,000
- bank overdraft	-	-
- bank charge card	129,000	211,500
- trade facilities	-	1,000,000
- bank guarantee	232,678	994,529
Facilities unused at reporting date		
- bank bills	-	-
- bank overdraft	-	300,000
- bank charge card	21,000	88,500
- trade facilities including bank guarantees	124,409	805,471

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

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

15 PROVISIONS

	CONSOLIDATED	
	2013	2012
	\$	\$
Current		
Employee benefits	335,674	393,032
Surplus lease space	268,322	-
Redundancies	-	84,555
Other	-	40,000
	603,996	517,587
Non-Current		
Employee benefits	31,993	37,125

16 EQUITY

	CONSOLIDATED	
	2013	2012
	\$	\$
Contributed Equity		
<i>Ordinary shares</i>		
Issued and fully paid	4,130,708	4,130,708

<i>Movements in ordinary shares on issue (legal parent)</i>		Shares
At 1 July	26,000,000	26,000,000
At 30 June	26,000,000	26,000,000

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

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

Retained Earnings

	CONSOLIDATED	
	2013	2012
	\$	\$
Movements in retained earnings are as follows:		
Balance at 1 July	3,846,012	13,065,374
Net profit/(loss) for the year	(1,388,899)	(8,929,629)
Adjustment on correction of error (refer note 24)	-	(289,733)
Balance at 30 June	2,457,113	3,846,012

Reserves

Foreign Currency Translation Reserve

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

17 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	
	2013	2012
	\$	\$
Financial Assets		
- Cash and cash equivalents	2,240,533	681,944
- Loans and receivables	3,291,316	6,638,307
Total Financial Assets	5,531,849	7,320,251
Financial Liabilities		
- Financial liabilities at amortised cost	8,311,301	12,545,625
Total Financial Liabilities	8,311,301	12,545,625

The Group has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial derivatives shall be undertaken.

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

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

(a) Interest rate risk

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

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

	Weighted Average Interest Rate	Non Interest Bearing	Variable Interest Rate	Fixed Interest Rate Maturing		Total
				Within 1 year	1 to 5 years	
	%	\$	\$	\$	\$	\$
2013						
Financial Assets						
- Cash	2.86%	-	2,240,533	-	-	2,240,533
- Receivables	N/A	3,291,316	-	-	-	3,291,316
Total Financial Assets		3,291,316	2,240,533	-	-	5,531,849
Financial Liabilities						
- Payables	N/A	2,538,491	-	-	-	2,538,491
- Bank borrowings	8.38%	-	-	2,000,000	3,600,000	5,600,000
- Hire purchase	8.50%	-	-	147,715	25,095	172,810
Total Financial Liabilities		2,538,491	-	2,147,715	3,625,095	8,311,301
2012						
Financial Assets						
- Cash	4.22%	-	681,944	-	-	681,944
- Receivables	N/A	6,638,307	-	-	-	6,638,307
Total Financial Assets		6,638,307	681,944	-	-	7,320,251
Financial Liabilities						
- Payables	N/A	3,790,848	-	-	-	3,790,848
- Bank borrowings	8.23%	-	1,000,000	-	7,200,000	8,200,000
- Hire purchase	8.47%	-	-	384,246	170,531	554,777
Total Financial Liabilities		3,790,848	1,000,000	384,246	7,370,531	12,545,625

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

(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.

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 \$78,541 at 30 June 2013 (2012: \$250,000), 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 \$445,235 (2012: \$672,408).

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

(c) Liquidity risk

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

Maturity analysis of financial liabilities:

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
2013				
- Payables	2,538,491	-	-	2,538,491
- Bank borrowings	450,000	5,150,000	-	5,600,000
- Hire purchase	147,715	25,095	-	172,810
Total Financial Liabilities	3,136,206	5,175,095	-	8,311,301
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$
2012				
- Payables	3,790,848	-	-	3,790,848
- Bank borrowings	1,000,000	7,200,000	-	8,200,000
- Hire purchase	384,246	170,531	-	554,777
Total Financial Liabilities	5,175,094	7,370,531	-	12,545,625

(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	EUR	USD
Functional Currency of Group Entity	\$	\$	\$
Australian Dollar	11,618	-	(5,898)
2012	NZD	EUR	USD
Functional Currency of Group Entity	\$	\$	\$
Australian Dollar	184,121	(556)	(22,759)

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

(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.

Year Ended 30 June 2013	CONSOLIDATED	
	Profit/(loss) \$	Equity \$
+/-2% in interest rates	+/-40,000	+/-40,000
+/-5c in \$A/\$US	+/-130,000	+/-130,000
Year Ended 30 June 2012		
+/-2% in interest rates	+/-40,000	+/-40,000
+/-5c in \$A/\$US	+/-90,000	+/-90,000

18 COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED	
	2013 \$	2012 \$
Operating Leases - properties		
Non-cancellable operating leases:		
- less than one year	622,843	644,477
- later than one year but less than five years	317,780	565,765
	940,623	1,210,242
Operating Leases - vehicles and equipment		
Non-cancellable operating leases:		
- less than one year	23,848	45,734
- later than one year but less than five years	44,169	29,350
	68,017	75,084
Total operating lease commitments	1,008,640	1,285,326
Hire Purchases		
Hire purchase commitments payable:		
- less than one year	154,463	414,407
- later than one year but less than five years	26,611	176,839
	181,074	591,246
Less future finance charges	(8,264)	(36,469)
Total hire purchase liability	172,810	554,777
Reconciled to:		
Current liability	147,715	384,246
Non-current liability	25,095	170,531
	172,810	554,777

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

19 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	
		2013	2012	2013	2012
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

Refer Note 21(d) for other related party disclosures.

20 AUDITORS' REMUNERATION

	2013 \$	2012 \$
Amounts received or due and receivable by:		
- Current auditors: Grant Thornton, for the audit of the financial report	68,000	-
- Previous auditors: WHK Audit (Vic), for the audit of the financial report	-	100,000
<u>Other services (agreed upon procedures): Grant Thornton</u>	<u>10,000</u>	<u>-</u>

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

21 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Management Personnel

(i) Directors

Gary Bertuch	Non-Executive Chairman (resigned 19 August 2013)
David Ashmore	Non-Executive (appointed 22 November 2012, subsequently appointed Chairman 19 August 2013)
Darren Hotchkin	Chief Executive Officer
David Cleland	Non-Executive
Duncan Smith	Non-Executive (resigned 21 November 2012)

(ii) Executives

Peter Fearn	Chief Financial Officer
Paul Williams	National Workzone Solutions Manager
Casey McMaster	National Engineering/Operations Manager
Hamish Webb	General Manager, Northern Region (appointed 6 May 2013)
Peter Rogers	General Manager, Southern Region (appointed 6 May 2013)

(b) Compensation of Key Management Personnel

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

	2013 \$	2012 \$
Compensation of Key Management Personnel by category:		
- Short-term employee benefits	977,545	1,414,749
- Post-employment benefits	78,130	100,305
- Long-term employee benefits	13,224	7,367
	1,068,899	1,522,421

(c) Shareholdings of Key Management Personnel

Shares held in Saferoads Holdings Limited:

	Balance at 1 July 2012	Acquired	Sold	Other*	Balance at 30 June 2013
Directors					
Gary Bertuch	20,000	-	-	-	20,000
Darren Hotchkin	5,192,775	-	-	-	5,192,775
Duncan Smith*	1,227,580	-	-	(1,227,580)	-
David Ashmore	-	-	-	-	-
David Cleland	19,500	50,000	-	-	69,500
Executives					
Peter Fearn	-	-	-	-	-
Paul Williams	-	-	-	-	-
Casey McMaster	-	-	-	-	-
Hamish Webb	-	-	-	-	-
Peter Rogers	-	-	-	-	-
Total	6,459,855	50,000	-	(1,227,580)	5,282,275

* up to resignation date

	Balance at 1 July 2011	Acquired	Sold	Other*	Balance at 30 June 2012
Directors					
Gary Bertuch	20,000	-	-	-	20,000
Darren Hotchkin	5,192,775	-	-	-	5,192,775
Duncan Smith	1,227,580	-	-	-	1,227,580
Gerard Keeghan*	100,000	-	-	(100,000)	-
David Cleland	19,500	-	-	-	19,500
Executives					
Peter Fearn	-	-	-	-	-
Paul Williams	-	-	-	-	-
Casey McMaster	-	-	-	-	-
Total	6,559,855	-	-	(100,000)	6,459,855

* up to resignation date

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

(d) Other Transactions with Key Management Personnel

Duncan Smith is a partner of accounting firm Smith McCarthy Wilson. The firm provided accounting services of \$11,000 (2012: \$31,000) to the Group during the year.

Livingstone Services (an entity associated with David Cleland) provided consulting services of \$5,400 (2012: nil) to the Group during the year.

Darren Hotchkin provided consulting services of nil (2012: \$9,600) to the Group during the year.

22 PARENT ENTITY DISCLOSURES

	2013	2012
	\$	\$
Current assets	2,923	2,923
Total assets	27,036,766	27,036,766
Current liabilities	-	-
Total liabilities	-	-
Net assets	27,036,766	27,036,766
Issued capital	27,030,708	27,030,708
Retained earnings	6,058	6,058
Profit/(loss) of the parent entity	-	(141)
Total comprehensive income of the parent entity	-	(141)
Guarantees entered into by the parent entity in relation to debts of its subsidiaries	-	-

23 ASSETS CLASSIFIED AS HELD FOR SALE

During the financial year the directors identified certain non-current assets as held for sale. These included Plant and Equipment associated with the Company's production facility and Civil services assets surplus to the Company's future operational requirements. The prior year included Land and Buildings and certain Plant and Equipment associated with one product portfolio (disposal group). The major classes of assets and liabilities are as follows:

	CONSOLIDATED	
	2013	2012
	\$	\$
Property, plant and equipment	85,567	1,023,617

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2013

24 CORRECTION OF ERROR

A detailed review of the Company's Inventories, Trade receivables and Prepayments during the completion of the half-year financial report identified some items that had been incorrectly accounted for at the previous balance date.

The errors have been corrected by restating each of the affected financial statement line items for the prior period as follows:

	CONSOLIDATED		
	June 2012	Increase/ (Decrease)	June 2012 (Restated)
	\$	\$	\$
Balance sheet (extract)			
Trade and other receivables	6,704,517	(66,210)	6,638,307
Inventories	6,626,131	(158,745)	6,467,386
Prepayments	667,210	(64,778)	602,432
Total assets	21,365,939	(289,733)	21,076,206
Net assets	8,186,850	(289,733)	7,897,117
Retained earnings	4,135,745	(289,733)	3,846,012
Total equity	8,186,850	(289,733)	7,897,117

	CONSOLIDATED		
	12 months June 2012	Profit Increase/ (Decrease)	12 months June 2012 (Restated)
	\$	\$	\$
Income statement (extract)			
Revenue	35,384,612	(66,210)	35,318,402
Cost of sales	(25,178,652)	(203,563)	(25,382,215)
Other expenses	(5,834,124)	(19,960)	(5,854,084)
Profit/(loss) before tax	(9,306,017)	(289,733)	(9,595,750)
Net profit/(loss) for the period	(8,929,629)	(289,733)	(9,219,362)

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was an increase in loss of 1.2 cents per share.

25 SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect the operations of the consolidated entity or the results of those operations or the state of affairs of the consolidated entity.

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes of the consolidated entity and the remuneration disclosures that are contained in the Remuneration Report that forms part of the Directors' Report are in accordance with the *Corporations Act 2001* (Cth), including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended that date; and
 - ii) complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as reported in Note 2.

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

Signed in accordance with a resolution of the Directors.

On behalf of the Board.



David Ashmore

Director

Drouin

27 September 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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

Report on the financial report

We have audited the accompanying financial report of Saferoads Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

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

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

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Saferoads Holdings Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 2(y) to the financial statements which notes an operating loss after tax of \$1,388,899 for the year ended 30 June 2013. This condition, along with other matters set forth in Note 2(y), indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Saferoads Holdings Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 27 September 2013

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 August 2013. At this date the Company had on issue 26,000,000 ordinary shares in the company held by 736 shareholders.

SUBSTANTIAL SHAREHOLDERS

Holder name	Number of ordinary shares in which interest is held
MR DARREN HOTCHKIN	5,192,775
RUMINATOR PTY LTD and related entities	2,627,079

TWENTY LARGEST SHAREHOLDERS

Name	Number of shares	% Held
MR DARREN JOHN HOTCHKIN & MRS JENNIFER ANN HOTCHKIN <GIPSY CREEK SUPER FUND A/C>	5,192,775	19.97
RUMINATOR PTY LTD	1,913,849	7.36
MR DUNCAN FRANCIS SMITH	1,349,093	5.19
WAVET FUND NO 2 PTY LTD	1,282,690	4.93
NLKM PTY LTD <THOMPSON FAMILY S/F A/C>	808,016	3.11
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	603,230	2.32
BUSINESS MANAGEMENT & INVESTMENT PTY LTD	492,952	1.90
MR ROSS GEORGE YANNIS	434,000	1.67
MR GLENN SCOTT WADSWORTH & MR RICKI MARK WADSWORTH	397,860	1.53
MR DANIEL SPILLMAN	391,505	1.51
ATKONE PTY LTD	384,776	1.48
KOONUNG NOMINEES PTY LTD	350,000	1.35
FLST PTY LTD	308,604	1.19
MARTRE PROPERTIES PTY LIMITED <SUPER FUND ACCOUNT>	280,000	1.08
ROADWORX GROUP PTY LTD	279,925	1.08
MR STEPHEN RODNEY HARIONO <DENVHI VALUE A/C>	260,846	1.00
CIMTECK PTY LTD <CIMTECK SUPER FUND A/C>	260,000	1.00
MRS MARINA SNYMAN	215,200	0.83
VINKAZ PTY LTD <VP & KL SULLIVAN FAMILY A/C>	205,177	0.79
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	200,000	0.77
PARK ROAD SF PTY LTD <PARK ROAD SUPER FUND A/C>	200,000	0.77
	15,810,498	60.81

DISTRIBUTION OF SHAREHOLDINGS

Holdings Ranges	Holders	Total Units	%
1-1,000	133	78,756	0.30
1,001-5,000	248	789,719	3.04
5,001-10,000	124	1,061,197	4.08
10,001-100,000	195	6,240,734	24.00
100,001-and over	36	17,829,594	68.58
	736	26,000,000	100.00

The number of shareholders' holdings less than a marketable parcel is 383.

VOTING RIGHTS

All ordinary shares carry one vote per share.

NUMBER OF ORDINARY SHARES SUBJECT TO ESCROW

Nil.

CORPORATE DIRECTORY

Directors

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

Company Secretary

Kim Clark

Registered Office

39 Weerong Rd
Drouin VIC 3818
Telephone: 03 5625 6600
Facsimile: 03 5625 4986

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent St
Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001

Telephone: 02 9290 9600
Facsimile: 02 9279 0664

Solicitors

Maddocks
140 William Street
Melbourne VIC 3000

Bankers

Commonwealth Bank of Australia
Warragul VIC 3820

Auditors

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

ASX Code

SRH