

**Appendix 4E**  
**Full year report**

<b>Name of entity</b>	<b>ABN Reference</b>
<b>SAFEROADS HOLDINGS LIMITED</b>	<b>81 116 668 538</b>

**1. Reporting periods**

Year ended (‘current period’)	Year ended (‘previous corresponding period’)
30 June 2006	30 June 2005

**2. Results for announcement to the market**

<b>Key information</b>	Current period	Previous corresponding period	% Change increase / (decrease)	Amount (\$) increase / (decrease)
Revenues from ordinary activities	26,653,580	22,764,348	17%	3,889,232
Profit from ordinary activities after tax attributable to members	2,881,761	2,190,667	32%	691,094
Net profit (loss) for the period attributable to members	2,881,761	2,190,667	32%	691,094
<b>Dividends (distributions)</b>			Amount per share	Franked amount per share at 30% tax
Final dividend	Record Date Paid	20-Oct-06 3-Nov-06	3.5 cents	3.5 cents
Interim dividend	Record Date Payable	21-Mar-06 4-Apr-06	2.5 cents	2.5 cents
<b>Supplementary comments</b>				
Commentary in respect of the results is provided in the Directors' Report, which forms part of the full-year report ended 30 June 2006.				
<b>3. Income Statement, Balance Sheet and Cash Flow Statement</b>				
Please refer to the audited Financial Report for the year ended 30 June 2006.				

#### 4. Dividends

	Date paid/payable	Amount per share	Franked amount per share at 30% tax	Amount per share of foreign source dividend	Amount \$
Final dividend:	3-Nov-06	3.5 cents	3.5 cents	0.0 cents	805,000
Interim dividend:	4-Apr-06	2.5 cents	2.5 cents	0.0 cents	575,000

#### 5. Dividend reinvestment plans

The dividend reinvestment plan ("DRP") referred to in the prospectus is currently not in operation.

#### 6. Statement of Retained Earnings

Please refer to the audited Financial Report for the year ended 30 June 2006.

#### 7. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (\$)	0.21	0.17

#### 8. Controlled entities

##### Acquired:

Refer to Note 21 of the Financial Statements for the year ended 30 June 2006.

Contribution of Saferoads Pty Ltd since acquisition date to the consolidated operating profit from ordinary activities after income tax expense.

Current period \$
2,881,761

#### 9. Associates and Joint Ventures

N/A

#### 10. Foreign entities

N/A

#### 11. Commentary

Please refer to attached Chairman's Review, Managing Director's Report, Directors' Report and Notes to the Accounts for full commentary.

# **SAFEROADS HOLDINGS LIMITED**

**ABN 81 116 668 538**

**FOR YEAR ENDED 30 JUNE 2006**

## **HIGHLIGHTS**

- √ Successfully listed on the Australian Stock Exchange
- √ Met prospectus forecasts
- √ Delivered sales revenue of \$26.7 million, up 17% on 2005
- √ Achieved EBIT of \$4.1 million, up 32% on 2005
- √ Achieved earnings per share \$0.125
- √ Paid a total fully franked dividend of 6.0 cents per share
- √ Successfully introduced a new pedestrian safety barrier to the market
- √ Signed new International Distributor and Licence agreement with Quixote Corporation USA
- √ Signed International agreements which will enable Company to enter the portable concrete barrier market and to supply a wire rope safety barrier.

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- Directors' Report
- Directors' Declaration
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**SAFEROADS HOLDINGS LIMITED**  
**Income Statement**  
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	CONSOLIDATED		PARENT	
		2006	2005	2006	2005
		\$	\$	\$	\$
Revenue	4	26,653,580	22,764,348	-	-
Cost of sales		(18,287,969)	(16,685,060)	-	-
<b>Gross profit</b>		<u>8,365,611</u>	<u>6,079,288</u>	<u>-</u>	<u>-</u>
Other income	4	(2,808)	31,358	575,000	-
Employee benefits		(2,445,803)	(2,026,842)	-	-
Amortisation		(5,059)	(5,059)	-	-
Finance costs		(14,578)	(23,222)	-	-
Depreciation		(196,595)	(205,454)	-	-
Other expenses		(1,582,854)	(737,947)	-	-
<b>Profit before income tax</b>	4	<u>4,117,914</u>	<u>3,112,122</u>	<u>575,000</u>	<u>-</u>
Income tax expense	5	<u>(1,236,153)</u>	<u>(921,455)</u>	<u>-</u>	<u>-</u>
<b>Profit after tax from continuing operations</b>		<u>2,881,761</u>	<u>2,190,667</u>	<u>575,000</u>	<u>-</u>
<b>Net profit for the period</b>		<u>2,881,761</u>	<u>2,190,667</u>	<u>575,000</u>	<u>-</u>
<b>Net profit attributable to members of parent</b>		<u>2,881,761</u>	<u>2,190,667</u>	<u>575,000</u>	<u>-</u>
Earnings per share (cents per share)					
- basic for profit for the full year		12.5	n/a		
- diluted for profit for the full year		12.5	n/a		
- dividends paid per share		6.0	n/a		

# SAFEROADS HOLDINGS LIMITED

## Balance Sheet

AS AT 30 JUNE 2006

	Notes	CONSOLIDATED		PARENT	
		2006	2005	2006	2005
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	8	15,121	384,545	-	-
Trade and other receivables	9	4,432,788	6,206,640	-	-
Inventories	11	2,134,709	1,407,514	-	-
Prepayments		74,350	22,281	-	-
<b>Total Current Assets</b>		<b>6,656,968</b>	<b>8,020,980</b>	<b>-</b>	<b>-</b>
<b>Non-current Assets</b>					
Deferred tax assets	5	68,617	39,171	-	-
Property, plant and equipment	12	1,500,288	1,215,506	-	-
Other financial assets	13	-	-	23,000,000	-
Intangible assets	14	55,335	60,394	-	-
<b>Total Non-current Assets</b>		<b>1,624,240</b>	<b>1,315,071</b>	<b>23,000,000</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>8,281,208</b>	<b>9,336,051</b>	<b>23,000,000</b>	<b>-</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	15	2,481,706	4,724,465	-	-
Interest-bearing loans and borrowings	16	103,252	146,830	-	-
Income tax payable		430,289	392,967	-	-
Provisions	17	171,031	105,216	-	-
<b>Total Current Liabilities</b>		<b>3,186,278</b>	<b>5,369,478</b>	<b>-</b>	<b>-</b>
<b>Non-current Liabilities</b>					
Interest-bearing loans and borrowings	16	80,327	60,016	-	-
Provisions	17	26,639	25,354	-	-
<b>Total Non-current Liabilities</b>		<b>106,966</b>	<b>85,370</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>3,293,244</b>	<b>5,454,848</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		<b>4,987,964</b>	<b>3,881,203</b>	<b>23,000,000</b>	<b>-</b>
<b>EQUITY</b>					
Contributed equity	18	100,000	100,000	23,000,000	-
Retained earnings	18	4,887,964	3,781,203	-	-
<b>TOTAL EQUITY</b>		<b>4,987,964</b>	<b>3,881,203</b>	<b>23,000,000</b>	<b>-</b>

# SAFEROADS HOLDINGS LIMITED

## Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	CONSOLIDATED		PARENT	
		2006	2005	2006	2005
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Receipts from customers		31,111,136	22,709,934	-	-
Payments to suppliers and employees		(27,345,207)	(19,735,142)	-	-
Interest paid		(14,578)	(23,222)	-	-
Income tax paid		(1,228,277)	(793,342)	-	-
GST paid		(587,553)	(533,089)	-	-
<b>Net cash flows from operating activities</b>	8	<u>1,935,521</u>	<u>1,625,139</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>					
Interest received		18,647	11,610	-	-
Dividends received		-	-	575,000	-
Proceeds from sale of property, plant and equipment		99,090	128,106	-	-
Purchase of intangibles		-	(18,182)	-	-
Purchase of property, plant and equipment		(624,415)	(443,651)	-	-
<b>Net cash flows used in investing activities</b>		<u>(506,678)</u>	<u>(322,117)</u>	<u>575,000</u>	<u>-</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		164,414	210,416	-	-
Repayment of borrowings		(187,681)	(292,813)	-	-
Equity dividends paid		(1,775,000)	(550,000)	(575,000)	-
<b>Net cash flows used in financing activities</b>		<u>(1,798,267)</u>	<u>(632,397)</u>	<u>(575,000)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(369,424)	670,625	-	-
Cash and cash equivalents at beginning of period		384,545	(286,080)	-	-
<b>Cash and cash equivalents at end of period</b>	8	<u>15,121</u>	<u>384,545</u>	<u>-</u>	<u>-</u>

**SAFEROADS HOLDINGS LIMITED**  
**Statement of Changes in Equity**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Contributed Equity \$	Retained Earnings \$	Total Equity \$
<b>CONSOLIDATED</b>			
<b>At 1 July 2004</b>	100,000	2,140,536.00	2,240,536
Profit for the period	-	2,190,667.00	2,190,667
Issue of share capital	-	-	-
Equity dividends	-	(550,000.00)	(550,000)
<b>At 30 June 2005</b>	<u>100,000</u>	<u>3,781,203.00</u>	<u>3,881,203</u>
<b>At 1 July 2005</b>	100,000	3,781,203.00	3,881,203
Profit for the period	-	2,881,761.00	2,881,761
Issue of share capital	-	-	-
Equity dividends	-	(1,775,000.00)	(1,775,000)
<b>At 30 June 2006</b>	<u>100,000</u>	<u>4,887,964.00</u>	<u>4,987,964</u>
<b>PARENT</b>			
<b>At 1 July 2004</b>	-	-	-
Profit for the period	-	-	-
Issue of share capital	-	-	-
Equity dividends	-	-	-
<b>At 30 June 2005</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 1 July 2005</b>	-	-	-
Profit for the period	-	575,000	575,000
Issue of share capital	23,000,000	-	23,000,000
Equity dividends	-	(575,000)	(575,000)
<b>At 30 June 2006</b>	<u>23,000,000</u>	<u>-</u>	<u>23,000,000</u>

**SAFEROADS HOLDINGS LIMITED**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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**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 accounting**

The consolidated financial statements comprise the financial statements of the legal parent entity, Saferoads Holdings Limited and its subsidiaries ('the Group').

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

The implications under AASB 3 "Business Combinations" for Group purposes are that the transaction that occurred in 31 October 2005 is accounted for as a reverse acquisition and as such, the legal subsidiary becomes the accounting acquirer under AIFRS. The effect of this is that the Group financial statements are prepared for the year ending 30 June 2006 as a continuation of the legal subsidiary, Saferoads Pty Ltd, with comparative information for the year ended 30 June 2005, using consistent accounting policies.

**(b) Statement of compliance**

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

This is the first financial report prepared based on AIFRS. The adoption of AIFRS does not have any material impact on total equity or profit after tax as reported under previous Australian Accounting Standards ("AGAAP"), and there are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

**(c) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Saferoads Holdings Limited and its subsidiaries ('the Group').

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**

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in the foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement.

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

Buildings - 7%

Plant and equipment - 20% to 40%

*Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

**(f) Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**(g) Recoverable amount of assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. 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) Intangible assets**

*Acquired both separately and from a business combination*

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 assets.

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 income statement through the amortisation line item.

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

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

### *Research and development costs*

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement 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 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

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

### **(k) Cash and cash equivalents**

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

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **(l) 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 income statement when the liabilities are derecognised as well as through the amortisation process.

### **(m) 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 income statement net of any reimbursement.

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

**(n) 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.

**(o) 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.

*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.

**(p) Income Tax**

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

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

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

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

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

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

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

**(q) 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

**(r) 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, annual leave and sick 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.

**(s) 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.

**3 SEGMENT INFORMATION**

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

#### 4 REVENUES AND EXPENSES

##### (a) Specific Items

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

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
<b>(i) Revenue</b>				
Sale of goods	26,653,580	22,764,348	-	-
<b>(ii) Other</b>				
Interest	18,647	11,610	-	-
Dividends from subsidiary	-	-	575,000	-
Profit on sale of plant & equipment	(43,948)	5,567	-	-
Other	22,493	14,181	-	-
	(2,808)	31,358	575,000	-
	26,650,772	22,795,706	575,000	-

#### 5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2006 are:

##### Income Statement

###### Current income tax

Current income tax charge	1,265,599	934,353	-	-
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###### Deferred income tax

Relating to origination and reversal of temporary differences	(29,446)	(12,898)	-	-
Income tax expense reported in income statement	1,236,153	921,455	-	-

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended 30 June 2006 is as follows:

Accounting profit before income tax	4,117,914	3,112,122	575,000	-
At the statutory income tax rate of 30%	1,235,374	933,637	172,500	-
Adjustments in respect of current income tax of previous Tax concessional items	(6,781)	(17,166)	-	-
Franking credits	-	-	(172,500)	-
Expenditure not allowable for income tax purposes	7,560	4,984	-	-
	1,236,153	921,455	-	-

	Balance sheet		Income statement	
	2006	2005	2006	2005
	\$	\$	\$	\$

##### Deferred income tax

Deferred income tax at 30 June relates to the following:

##### CONSOLIDATED

###### Deferred income tax assets

Employee entitlements	59,302	39,171	20,131	12,898
Other	9,315	-	9,315	-
Gross deferred income tax assets	68,617	39,171		
Deferred income tax charge			29,446	12,898

##### PARENT

The parent does not have any deferred tax balances.

## 6 EARNINGS PER SHARE

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

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

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

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
Net profit attributable to equity holders from continuing operations	2,881,761	2,190,667	-	-
Net profit attributable to equity holders of the parent	2,881,761	2,190,667	-	-
Net profit attributable to ordinary shareholders for diluted earnings per share	2,881,761	2,190,667	-	-
Weighted average number of ordinary shares for basic earnings per share	23,000,000	23,000,000	-	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	23,000,000	23,000,000	-	-

For the purpose of calculating earnings and dividends per share, it is the ordinary shares of the legal parent that is used, being the 23,000,000 shares on issue.

## 7 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
<b>Equity dividends on ordinary shares:</b>				
Dividends paid prior to listing on the ASX	1,200,000	1,775,000	-	-
Interim fully franked dividend for financial year 30 June 2006 (2.5 cents)	575,000	-	575,000	-

The tax rate at which paid dividends have been franked is 30%.

Dividends proposed and not recognised as a liability:

Final fully franked dividend for financial year 30 June 2006 (3.5 cents)	805,000	-	805,000	-
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Dividends proposed will be franked at the rate of 30%.

### Franking Credit Balance:

The amount of franking credits available for future reporting periods after the payment of income tax payable and the impact of dividends proposed

	1,950,884	1,267,918	-	-
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## 8 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
Cash at bank and in hand	15,121	384,545	-	-

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

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

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

#### Reconciliation of cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

Cash at bank and in hand	15,121	384,545	-	-
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#### Reconciliation from the net profit after tax to the net cash flows from operations

Net profit	2,881,761	2,190,667	575,000	-
Adjustments for:				
Depreciation	196,595	205,454	-	-
Amortisation	5,059	5,059	-	-
Net (profit)/loss on disposal of plant and equipment	43,948	(5,567)	-	-
Interest received	(18,647)	(11,610)	-	-
Dividend Received	-	-	(575,000)	-
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	1,773,852	(2,348,040)	-	-
(Increase)/decrease in inventories	(727,195)	(498,200)	-	-
(Increase)/decrease in prepayments	(52,069)	(7,476)	-	-
(Decrease)/increase in deferred income tax liabilities	(29,446)	(12,899)	-	-
(Decrease)/increase in trade and other payables	(2,242,759)	1,923,743	-	-
(Decrease)/increase in provisions	67,100	42,996	-	-
(Decrease)/increase in tax provision	37,322	141,012	-	-
Net cash from operating activities	1,935,521	1,625,139	-	-

#### 9 TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
Trade receivables	4,432,788	6,196,277	-	-
Director related party loans		10,363	-	-
	4,432,788	6,206,640	-	-

Trade receivables are non-interest bearing.

#### 10 ECONOMIC DEPENDENCY

The Group has an economic dependency on Coates Shorco who have contributed to 29% (2005:27%) of Group sales.

#### 11 INVENTORIES

Stock on hand	2,134,709	1,407,514	-	-
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#### 12 PROPERTY, PLANT AND EQUIPMENT

Land	57,000	57,000	-	-
Buildings at cost	664,106	545,842	-	-
Less accumulated depreciation	(200,982)	(169,425)	-	-
	463,124	376,417	-	-
Plant & equipment at cost	1,577,975	1,214,863	-	-
Less accumulated depreciation	(597,811)	(432,774)	-	-
	980,164	782,089	-	-
Total property, plant & equipment	1,500,288	1,215,506	-	-

### Movements in Carrying Amounts

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

	Land	Buildings	Plant & Equipment	Total
Balance at 1 July 2005	57,000	376,417	782,089	1,215,506
Additions		118,264	506,151	624,415
Depreciation expense		(31,557)	(165,037)	(196,595)
Disposals			(143,039)	(143,039)
<b>Carrying amount at 30 June 2006</b>	<b>57,000</b>	<b>463,124</b>	<b>980,164</b>	<b>1,500,288</b>
Balance at 1 July 2004	57,000	346,728	696,120	1,099,848
Additions	-	66,292	377,359	443,651
Depreciation expense	-	(36,603)	(168,851)	(205,454)
Disposals	-		(122,539)	(122,539)
<b>Carrying amount at 30 June 2005</b>	<b>57,000</b>	<b>376,417</b>	<b>782,089</b>	<b>1,215,506</b>

### 13 OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
Investment in subsidiary	-	-	23,000,000	-

### 14 INTANGIBLE ASSETS

Licence agreements at cost	73,677	73,677	-	-
Less accumulated amortisation	(18,342)	(13,283)	-	-
	<b>55,335</b>	<b>60,394</b>	-	-

### Movements in Carrying Amounts

Balance at 1 July, 2005	60,394	47,271	-	-
Additions	-	18,182	-	-
Amortisation expense	(5,059)	(5,059)	-	-
<b>Carrying amount at 30 June, 2006</b>	<b>55,335</b>	<b>60,394</b>	-	-

### 15 TRADE AND OTHER PAYABLES (CURRENT)

Trade payables	1,921,039	4,024,688	-	-
Accrued expenses	510,206	585,378	-	-
GST payable	50,461	114,399	-	-
	<b>2,481,706</b>	<b>4,724,465</b>	-	-

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

### 16 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
<b>Current</b>				
Hire purchase	103,252	146,830	-	-
<b>Non-current</b>				
Hire purchase	80,327	60,016	-	-

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

### Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

Total facilities:				
- bank overdraft	100,000	-	-	-
- bank charge card	35,000	20,000	-	-
- trade facilities	600,000	-	-	-
- bank guarantee	300,000	150,165	-	-
Facilities used at reporting date				
- bank overdraft	-	-	-	-
- bank charge card	-	-	-	-
- trade facilities	322,825	-	-	-
- bank guarantee	150,165	87,807	-	-
Facilities unused at reporting date				
- bank overdraft	100,000	-	-	-
- bank charge card	35,000	20,000	-	-
- trade facilities	277,175	-	-	-
- bank guarantee	149,835	62,358	-	-

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

### 17 PROVISIONS

#### Current

Annual Leave	79,590	68,830	-	-
Long service leave	91,441	36,386	-	-
	<u>171,031</u>	<u>105,216</u>	-	-

#### Non-Current

Long service leave	<u>26,639</u>	<u>25,354</u>	-	-
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Total employee entitlements	<u>197,670</u>	<u>130,570</u>	-	-
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Number of employees	<u>45</u>	<u>44</u>	-	-
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### 18 EQUITY

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
<b>Contributed Equity</b>				
Ordinary shares				
Issued and fully paid	<u>100,000</u>	<u>100,000</u>	<u>23,000,000</u>	-

#### Movements in ordinary shares on issue (legal parent)

	Shares	
At 1 July	-	-
Issued on 31 October 2005 in exchange for issued share capital of Saferoads Pty Ltd	<u>23,000,000</u>	-
At 30 June	<u>23,000,000</u>	-

Saferoads Holdings Limited is subject to reporting under AIFRS as the legal parent. Saferoads Holdings Limited was incorporated on 14 October 2005 and acquired all of the share capital of Saferoads Pty Ltd on 31 October 2005 through an equity issue of 23,000,000 shares.

The implications under AASB 3 "Business Combinations" for Group Purposes are that the transaction that occurred in 31 October 2005 is accounted for as a reverse acquisition and as such, the legal subsidiary becomes the accounting acquirer under AIFRS. The effect of this on the issued capital of the Group is that the ordinary share capital of the Group is less than the legal parent. For the purpose of calculating earnings and dividends per share, the ordinary shares of the legal parent are used, being the 23,000,000 shares on issue.

## Retained Earnings

Movements in retained earnings are as follows:

Balance at 1 July	3,781,203	2,140,536	-	-
Net profit for year	2,881,761	2,190,667	575,000	-
Dividends paid	(1,775,000)	(550,000)	(575,000)	-
Balance at 30 June	<u>4,887,964</u>	<u>3,781,203</u>	<u>-</u>	<u>-</u>

## 19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise overdrafts, trade facilities, and 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 Group has various other 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 instruments 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.

### 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 Group has not drawn down its long-term facility, however, it monitors the variable interest rates attached to the facility.

### Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's measurement currency. The impact of these expenses is not significant.

### Credit risk

The Group trades only with recognised, creditworthy third parties.

It is the Group 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.

### Liquidity risk

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

## 20 FINANCIAL INSTRUMENTS

### (a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 of the financial report.

(b) Interest rate risk

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

	Weighted Average Interest Rate	Non Interest Bearing	Variable Interest Rate	Fixed Interest Rate Maturing		Total
				Within 1 year	1 to 2 years	
<b>2006</b>	%	\$	\$	\$	\$	\$
<b>Financial Assets</b>						
- Cash	3.00	-	15,121	-	-	15,121
- Receivables	N/A	4,432,788	-	-	-	4,432,788
<b>Total Financial Assets</b>		<u>4,432,788</u>	<u>15,121</u>	<u>-</u>	<u>-</u>	<u>4,447,909</u>
<b>Financial Liabilities</b>						
- Payables	N/A	2,481,706	-	-	-	2,481,706
- Hire purchase	6.90	-	-	103,252	80,327	183,579
<b>Total Financial Liabilities</b>		<u>2,481,706</u>	<u>-</u>	<u>103,252</u>	<u>80,327</u>	<u>2,665,285</u>
<b>2005</b>	%	\$	\$	\$	\$	\$
<b>Financial Assets</b>						
- Cash	3.00	-	384,545	-	-	384,545
- Receivables	N/A	6,206,640	-	-	-	6,206,640
<b>Total Financial Assets</b>		<u>6,206,640</u>	<u>384,545</u>	<u>-</u>	<u>-</u>	<u>6,591,185</u>
<b>Financial Liabilities</b>						
- Payables	N/A	4,724,465	-	-	-	4,724,465
- Hire purchase	6.90	-	-	146,830	60,016	206,846
<b>Total Financial Liabilities</b>		<u>4,724,465</u>	<u>-</u>	<u>146,830</u>	<u>60,016</u>	<u>4,931,311</u>

(c) Credit Risk

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 nil at 30 June 2006, as disclosed in the balance sheet and notes to the financial statements.

The Group does not have any material credit risk to any single debtor or group of debtors under financial instruments entered into by the company, other than as disclosed in Note 10.

(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.

21 BUSINESS COMBINATION

Saferoads Holdings Limited is subject to reporting under AIFRS as the legal parent. Saferoads Holdings Limited was incorporated on 14 October 2005 and acquired all of the share capital of Saferoads Pty Ltd on 31 October 2005 through an equity issue of 23,000,000 shares.

The implications under AASB 3 "Business Combinations" for Group purposes are that the transaction that occurred in 31 October 2005 is accounted for as a reverse acquisition and as such, the legal subsidiary becomes the accounting acquirer under AIFRS. The effect of this on the issued capital of the Group is that the ordinary share capital of the Group is less than the legal parent. For the purpose of calculating earnings and dividends per share, the ordinary shares of the legal parent are used, being the 23,000,000 shares on issue.

## 22 COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED		PARENT	
	2006	2005	2006	2005
	\$	\$	\$	\$
<b>Hire Purchases</b>				
Hire purchase commitments payable:				
- less than one year	113,517	157,394	-	-
	113,517	157,394	-	-
- later than one year but less than five years	83,607	62,332	-	-
	197,124	219,726	-	-
Less future finance charges	(13,545)	(12,880)	-	-
Total hire purchase liability	183,579	206,846	-	-
Reconciled to:				
Current liability	103,252	146,830	-	-
Non-current liability	80,327	60,016	-	-
	183,579	206,846	-	-

There are no material contingent liabilities or contingent assets.

## 23 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	
		2006	2005	2006	2005
Saferoads Pty Ltd	Australia	100%	-	23,000,000	-

## 24 EVENTS AFTER BALANCE DATE

On 8 August 2006, the directors of Saferoads Holdings Limited declared a final dividend on ordinary shares in respect of the year. The total amount of the dividend is \$805,000, which represents a fully franked dividend of 3.5 cents per share. The dividend has not been provided for in the 30 June 2006 financial statements

## 25 AUDITORS' REMUNERATION

	2006	2005
	\$	\$
Amounts received or due and receivable by Armitage Downie & Co for the audit of the financial report.	29,500	13,500

## 26 DIRECTOR AND EXECUTIVE DISCLOSURES

### (a) Details of Management Personnel

#### (i) Directors

Gary Bertuch	Chairman
Darren Hotchkin	Managing Director
Duncan Smith	Non-Executive
Gerard Keeghan	Non-Executive

#### (ii) Executives

Jeff Herdman	General Manager
Bill Cruickshank	Company Secretary

### (b) Compensation of Key Management Personnel

#### (i) Compensation Policy

The Company's remuneration policy is to ensure that the level of remuneration paid to key personnel is market competitive and will help to attract and retain the skills and expertise required.

#### (ii) Compensation of Key Management Personnel

30 June 2006	Salary & Fees \$	Short Term Fringe Benefits	Cash Bonus \$	Post Employment Superannuation \$	Long Term Long Service Leave \$	Total \$
<b>Directors</b>						
Gary Bertuch	33,333	-	-	3,000	-	36,333
Darren Hotchkin	147,947	10,254	-	13,350	8,444	179,995
Duncan Smith	23,000	-	-	2,070	-	25,070
Gerard Keeghan	20,000	-	-	1,800	-	21,800
<b>Executives</b>						
Jeff Herdman	127,267	14,702	-	11,004	3,634	156,607
Bill Cruickshank	64,230	-	-	5,781	3,263	73,274
	415,777	24,956	-	37,005	15,341	493,079

30 June 2005	Salary & Fees \$	Short Term Fringe Benefits	Cash Bonus \$	Post Employment Superannuation	Long Term Long Service Leave \$	Total \$
<b>Directors</b>						
Gary Bertuch	-	-	-	-	-	-
Darren Hotchkin	76,995	-	-	6,930	-	83,925
Duncan Smith	9,000	-	-	810	-	9,810
Gerard Keeghan	-	-	-	-	-	-
<b>Executives</b>						
Jeff Herdman	76,995	-	-	6,930	2,326	86,251
Bill Cruickshank	61,935	-	7,746	6,271	2,326	78,278
	224,925	-	7,746	20,941	4,652	258,264

**(c) Shareholdings of Key Management Personnel**

Shares held in Saferoads Holdings Limited

	Balance at 1 July 2005	Acquired on Listing on ASX	Acquired Subsequent to Listing	Sold	Balance 30 June 2006
<b>Directors</b>					
Gary Bertuch	-	-	10,000	-	10,000
Darren Hotchkin	-	6,037,500	-	-	6,037,500
Duncan Smith	-	1,437,500	-	-	1,437,500
Gerard Keeghan	-	-	-	-	-
<b>Executives</b>					
Jeff Herdman	-	1,725,000	-	-	1,725,000
Bill Cruickshank	-	2,500	-	-	2,500
Total	-	9,202,500	10,000	-	9,212,500

As the company listed during the 2006 financial year, there is no comparative information.

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

**(d) Other Transactions with Key Management Personnel**

Duncan Smith is a partner of accounting firm Smith McCarthy Wilson. The firm provided accounting services of \$50,560 (2005:\$22,700) to the Group during the year.

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

## Chairman's Review

I am pleased to present this first Chairman's Review for Saferoads Holdings Limited.

The Company listed on the Australian Stock Exchange in December, 2005 and Directors were delighted to note that the Company's initial public offering attracted a good spread of shareholdings from both private and institutional investors. It is especially pleasing that the Company's shares have been well supported since listing.

The Board is delighted that the Company has performed better than the prospectus forecast, and is confident about the financial prospects for the Company in 2006-07, its first full year as a listed company.

In the longer term, the Directors anticipate significant growth through both organic growth of existing businesses and through selective acquisitions. Any acquisitions will be carefully chosen to ensure they are earnings-accretive. Senior management is investing a great deal of energy in finding suitable acquisitions and we are hoping to announce our first major acquisition later this year.

Underlying the Company's solid performance this year, and its future growth prospects, is the Company's very favourable operating environment. There has been a substantial increase in infrastructure spending by both Federal and State Governments – particularly on roads. Road safety is the Company's core market, and it remains a high priority for governments at all levels. Supplementing this, occupational health and safety requirements are creating additional opportunities for the Company, particularly from the need to provide safe work conditions during road construction.

The Directors declared interim and final dividends for 2005-06 in line with the prospectus forecast and anticipate that dividends will grow in the future in line with movements in profitability.

On behalf of the Board, I would like to thank Darren Hotchkin and Jeff Herdman, and our talented and dedicated team for their unstinting commitment to the Company's success. I would also like to thank my fellow Directors for their wise counsel and enthusiastic participation.



**Gary Bertuch**  
Chairman

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

## Managing Director's Report

The year 2005-06 has been an exciting year for Saferoads. Early in the financial year we set the objective of listing our company on the Australian Stock Exchange and this objective was achieved in December 2005. The primary purpose of listing was to gain access to the capital markets to facilitate our continuing growth and expansion. We are proud of our achievements to date, and we thank you, our Shareholders, for having the confidence to invest in our Company.

### Performance during 2005-06

Saferoads Holdings Ltd celebrated its first period as a publicly listed company with a strong financial performance in the year to June 30. The Company achieved sales of \$26.7 million, which represents an increase of 17% over the previous year. Net profit after tax was \$2.88 million which is 31.5 per cent higher than the 2004-05 result and 8.4 per cent above the prospectus forecast. The Company ended the year with a strong, debt free balance sheet (other than motor vehicle leases) and a robust working capital ratio of 2:1.

Traditionally, for internal reporting purposes, we have segmented our business into specific product groups: Guide Posts and Flexible Signage; Crash Cushions and Barriers including Tenders; Workzone; Traffic Calming; and Traffic Control products. It is pleasing to note that the majority of these groups performed close to or better than internal forecasts.

During the year, demand for our new Ironman steel safety barrier has been strong, and significant forward orders have been received for 2006-07. A new 580m<sup>2</sup> Ironman manufacturing facility was completed in December 2005 to enable increased production of Ironman to meet the increasing demand. Demand for our market leading Triton Plastic water filled safety barriers was also strong with significant forward orders already to hand. For both of these products, there is growing demand from end users as well as from hire companies.

A major growth sector of our business has been the supply and installation of guardrail and wire rope safety barriers where we won and supplied in excess of \$6 million in tenders in Queensland, New South Wales, Victoria and South Australia. With the introduction of our newly-licenced Gibraltar wire rope safety barrier we expect growth in this area of our business to continue.

In April 06 we successfully achieved accreditation for our Occupational Health and Safety Management system against ISO 18001:1999, adding to accreditation previously achieved against ISO 9001:2000 Quality Management System and ISO 14001:2004 Environmental Management System.

A strong highlight of the year was the re-signing of our International Distributor and Licence agreement with Quixote Corporation of USA. This agreement ensures that Saferoads remains the sole distributor throughout Australia of Quixote's wide range of road safety products for a further period of at least five years. Quixote is the world's leading developer and manufacturer of energy absorbing highway crash cushions, electronic sensing and measuring devices, computerized highway advisory radio, mobile and permanent electronic variable message signs and other transportation safety products and services.

Towards the end of 2005-06, our new Pedestrian Barrier was released onto the market and has received excellent initial acceptance. Strong sales were made in May and June, and we have forecast significant sales for the next year.

### Looking ahead.

The outlook for 2006-07 is very encouraging. Increased road spending initiatives were announced in both the Federal and Victorian State Government budgets. As well as this, many large road projects are currently underway or are about to begin. This will continue to have a positive effect particularly with our hire company customers.

Some of our products have already found application in East Link (Vic), Lane Cove Tunnel (NSW), various Transport South Australia projects and on the Bruce Highway (Qld). We expect that major road construction projects such as the Pakenham Bypass (Vic), the North South Bypass Tunnel (Qld), the duplication of the Gateway Bridge (Qld) and the continuing upgrade of the Pacific Highway (NSW) will generate significant demand for our products including Ironman barriers, guardrail and wire rope safety barriers and crash cushion end treatments.

Recent legislative changes in Queensland and New South Wales have mandated the mounting of attenuators to vehicles such as line-marking trucks. Our truck mounted attenuators have achieved wide acceptance and we are well situated to benefit from these legislative changes.

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

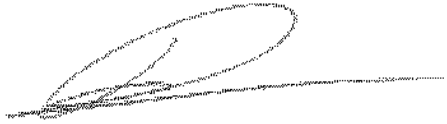
Late in 2005-06 we commenced the strengthening of our personnel resources and market presence in Queensland, New South Wales and South Australia. We have appointed new state managers in New South Wales and Queensland, and have replaced a distributorship in South Australia with a Saferoads' regional sales manager. We are confident that these changes will significantly increase our market penetration in these markets in a relatively short period of time.

We have recently entered into licence agreements with two overseas companies which will enable us to enter the portable concrete barrier market, and to supply a very competitive wire rope safety barrier. We have already received positive market response for both these products, and we are confident that significant sales will be generated as market awareness of these products develops.

Our future growth strategy is to combine strong organic growth with strategic acquisitions. Our organic growth target for 2006-07 is to increase sales by at least 15% over 2005-06, whilst maintaining our relative profit margins. We expect that a continuing aggressive approach to sourcing of materials and products both nationally and internationally will maintain our market competitiveness and reflect positively in our overall performance as it has in the 2005-06 year.

We are devoting significant energy to the process of finding suitable strategic acquisitions. Any potential acquisition will need to be consistent with our core business and will need to be able to demonstrate that it will add sustainable long term value for the benefit of our Shareholders.

Thank you for your confidence in Saferoads Holdings Limited. We look forward to another year of steady, sustainable growth, and to an ongoing increase in shareholder value.



Darren Hotchkin  
Managing Director

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

## Directors' Report

Your Directors submit their report for the year ended 30 June 2006. Saferoads Holdings Limited was incorporated on 14 October 2005. However, for consolidated reporting purposes, the group has been in existence for the entire year.

### DIRECTORS

The names of the Directors in office during the year and until the date of this report are:

	Appointed	Resigned
Geoffrey Musgrove	14 October 2005	21 October 2005
Philip Jones	14 October 2005	21 October 2005
Leigh Baring	14 October 2005	21 October 2005
Jeff Herdman	21 October 2005	31 October 2005
Darren Hotchkin	21 October 2005	
Duncan Smith	21 October 2005	
Gary Bertuch	31 October 2005	
Gerard (Ged) Keeghan	31 October 2005	

### DIRECTOR PROFILES

#### **Gary C Bertuch (Age 55)** **Non-Executive Chairman**

Gary Bertuch was appointed to the Board on 31 October 2005. He is Chairman of the Remuneration Committee.

He has extensive experience in the project development, capital raising and construction industries. He was recently the Managing Director of the Creative Informatics Group. 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. Gary is currently the Managing Director of HySSIL Pty Ltd which is a global commercialization venture involving the CSIRO.

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

#### **Darren Hotchkin (Age 42)** **Managing Director**

Darren Hotchkin was appointed to the Board on 21 October 2005.

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

Darren's key contributions to the business have been in the strategic development of Saferoads' product range and manufacturing processes, business development and marketing. He has been active this year in exploring opportunities for growth through prudent acquisition and in seeking to expand the Company's product base through international research of products with the potential to find a sustainable place in the Australian market.

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

**Gerard (Ged) Keeghan (Age 45)**  
**Non-Executive Director**

Ged was appointed to the Board on 31 October 2005. He is Chairman of the Audit and Risk Committee.

He gained considerable experience in the building and construction industry as the Chief Executive of the civil infrastructure contractor Standard Roads Group from 1991 to 2002; as a Director of the construction materials company Astec Pty Ltd which operated in the three eastern States of Australia from 1993 to 2002; and as an Executive Director of Cortek Developments Pty Ltd, a Victorian based commercial and industrial builder, from 1988 until 2005. He is currently a Director of several privately owned Companies and Trusts, and is Chief Executive of the residential developer, TPC Group.

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

**Duncan Smith (Age 63)**  
**Non-Executive Director**

Duncan was appointed to the Board on 21 October 2005. He is a member of the Remuneration Committee and the Audit and Risk Committee.

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

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

## COMPANY SECRETARY

**Bill Cruickshank**  
**Company Secretary**

Bill joined Saferoads Pty Ltd in 2002 and was appointed as Company Secretary on 21 October 2005

For his first three years with Saferoads Pty Ltd Bill was Finance and Administration Manager, during which time he oversaw the successful implementation of an ISO accredited quality, safety and environmental integrated management system (IMS). Before joining Saferoads he spent three years as the Administration and Finance Manager of a privately owned contract maintenance company. His previous 14 years were in the dairy industry where he rose from the factory floor to regional accountant with a \$200m budget.

Bill holds a Bachelor of Business (Accounting) with sub majors in law and economics, from Monash University.

## MANAGEMENT PROFILES

**Jeff Herdman**  
**General Manager**

Jeff Herdman joined Saferoads Pty Ltd in 1995.

He is responsible for operations and sales, which includes control of the production staff through the Operations Manager, overview of financial performance through the Corporate Accountant, overview of sales staff and distributors through the National Sales Manager and State Managers, budget setting and achievement and for Occupational Health and Safety.

Jeff also works closely with the Managing Director in the development of the business and the future direction of the Company.

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

## **Kylie Johnson** **Corporate Accountant**

Kylie joined Saferoads Pty Ltd in July 2005 as Corporate Accountant.

Previously she worked for Philip Morris Limited for four years in financial accounting and management accounting. As Corporate Accountant, Kylie is responsible for monthly reporting analysis, assisting in developing the Company budget, monitoring cash flows, controlling debtors, ensuring compliance with statutory tax and reporting requirements and administration of tax matters associated with Research and Development.

Kylie holds a Bachelor of Business (Accounting) with a double major in accounting and economics, from Swinburne University.

## **Mark Andrew** **National Sales Manager**

Mark joined the Saferoads in 2004 as National Sales Manager. He is responsible for the management of all sales and marketing of Saferoads' products.

Mark has had a distinguished career in sales, working first as a Sales Engineer in the agriculture industry. In 1998 Mark moved into a senior sales/management role and was responsible for the team of area managers. Before joining Saferoads he spent 13 years working for the Australian subsidiary of a major German Company for which he completed technical sales training in the US and Germany and undertook project management in China.

## **Wayne Portelli** **Operations Manager**

Wayne joined the management team of Saferoads Pty Ltd. In January 2006

Wayne has established, owned and managed several successful enterprises, the most recent being Drypac which was based in Warragul, Victoria. After selling that business in 2002, he joined the Board of Saferoads Pty Ltd, resigning from the Board when Saferoads became a wholly-owned subsidiary of Saferoads Holdings Limited. As Operations Manager, he is responsible for all manufacturing processes and logistics.

## **INTEREST IN SHARES**

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

Gary Bertuch	10,000
Darren Hotchkin	6,037,500
Duncan Smith	1,437,500
Ged Keeghan	nil

## **DIVIDENDS**

On 8 August 2006 the Directors declared a final dividend of 3.5 cents per share, fully franked. This follows on from the interim dividend of 2.5 cents per share fully franked announced in the prospectus and paid in April 2006.

	Cents Per Share	Total Amount	Date of Payment
Dividend paid during the year (interim, fully franked)	2.5	\$ 575,000	4 April 2006
Final dividend declared (fully franked)	3.5	805,000	3 November 2006
Total dividend for year ended 30 June 2006	6.0	1,380,000	

# **SAFEROADS HOLDINGS LIMITED**

**ABN 81 116 668 538**

## **PRINCIPAL ACTIVITIES**

The main activity of the Group for the year was the provision of road safety products primarily to end users. Some products are sourced from Australian suppliers; some are imported; some are manufactured locally to our specification and some are manufactured and/or assembled on our premises.

A growing area of business has been the supply and installation of guardrail and wire rope safety barriers for Vic Roads and similar road authorities in other states.

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

## **REVIEW AND RESULTS OF OPERATIONS**

A review of the operations of the Company during the financial period and the results of these operations is set out in the Managing Director's review of operations.

## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Saferoads Holdings Limited was incorporated on 14 October 2005 and on 31 October 2006 acquired Saferoads Pty Ltd as a wholly-owned subsidiary.

## **SIGNIFICANT EVENTS AFTER BALANCE DATE**

On 8 August, the Directors declared a final dividend of 3.5 cents per share, fully franked, to be paid 3 November 2006. The total amount of the dividend is \$805,000 which has not been provided for in the 30 June financial statements.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Likely developments in the operations of the entity and the expected results of those operations have been set out in the Chairman's Review and the Managing Director's Report.

## **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

During the year insurance premiums were paid for any person who was a Director of the Company.

## **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

## **REMUNERATION REPORT**

The Company's Corporate Governance Charter states that a Remuneration Committee comprising two independent Directors and the Company Secretary, with the Managing Director as an invitee, is to be put in place. The committee members are Mr Gary Bertuch and Mr Duncan Smith as Directors, and Mr Bill Cruickshank as Company Secretary.

The Board acknowledges that Mr Duncan Smith is not an independent Director although he is a non-executive Director. The Board considers that at this stage increasing the size of the Board from four to five Directors is not warranted, but as the Company grows in size and complexity the composition of the Board will be addressed, providing for an increase in the number of independent Directors. The Board does not consider the effectiveness of Mr Smith as a member of the Remuneration Committee is in any way compromised by his not being an independent Director.

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

At the time of the Initial Public Offering, the remuneration packages for the Managing Director and the General Manager were adjusted to reflect their additional responsibilities and the increased complexity of the Company. Their remuneration packages comprised fixed remuneration, fully maintained motor vehicles to a specified value, and statutory superannuation. No performance-linked component formed part of their overall package.

The remuneration of the Directors was also set as part of the Initial Public Offering. Their remuneration packages comprised only fixed Directors' fees within the limits set out in the Company's constitution. Currently this limit is set at \$250,000 per annum, and can only be changed at a general meeting.

## Employment Contracts

Executive Employment Agreements have been entered into with the Managing Director Mr Darren Hotchkin and the General Manager, Mr Jeff Herdman. These agreements are of a standard form containing provisions of confidentiality and restraint of trade usually required in such an agreement.

## Remuneration of Directors and Named Executives

30 June 2006	Short Term			Post Employment	Long Term	Total
	Salaries & Fees	Fringe Benefits	Cash Bonus	Superannuation	Long Service Leave	
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Gary Bertuch	33,333	-	-	3,000		36,333
Darren Hotchkin	147,947	10,254	-	13,350	8,444	179,995
Duncan Smith	23,000	-	-	2,070	-	25,070
Gerard Keeghan	20,000	-	-	1,800	-	21,800
<b>Executives</b>						
Jeff Herdman	127,267	14,702	-	11,004	3,634	156,607
Bill Cruickshank	64,230	-	-	5,781	3,263	73,274
	415,777	24,956	-	37,005	15,341	493,079

## DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the numbers of meetings attended by each Director were as follows:

	Directors		Audit		Remuneration	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr G Bertuch	8	8	-	-	2	2
Mr D Hotchkin	8	8	5	5	-	-
Mr D Smith	8	8	5	5	2	2
Mr G Keeghan	8	8	5	5	-	-
Mr J Herdman	-	-	-	-	-	-
Mr G Musgrove	-	-	-	-	-	-
Mr L Baring	-	-	-	-	-	-
Mr P Jones	-	-	-	-	-	-

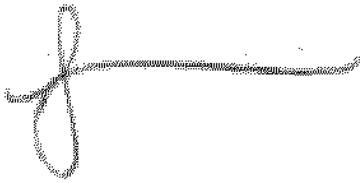
# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

## AUDITORS' INDEPENDENCE DECLARATION

The attached independence declaration has been obtained from the Company's auditors, Armitage Downie & Co.

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, consisting of a stylized initial 'G' followed by a long horizontal line.

Ged Keeghan

Director  
Drouin

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

## Directors' Declaration

In accordance with a resolution of the Directors of Saferoads Holdings Limited ("the Company"), I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including
  - (i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2006 and of their performance for the year ended that date; and complying with Accounting Standards and Corporations Regulations 2001; and
- (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.

On behalf of the Board.



G Bertuch  
Chairman

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

## Corporate Governance Statement

The Board of Directors of Saferoads Holdings Limited is responsible for the corporate governance of the Saferoads Group. The Board has considered and adopted the core guiding principles as identified by the ASX Corporate Governance Council in its release "Principles of Good Corporate Governance and Best Practice Recommendations".

This Corporate Governance Statement is based on these principles and summarises 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.

### **Principle 1** Lay solid foundations for management and oversight

The Board has delegated day-to-day management responsibility to the Managing Director and his management team, reserving to itself the functions of strategic oversight and managerial guidance. Senior management responsibilities have been clearly set out in position descriptions and employment agreements.

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.

### **Principle 2** Structure the Board to add value

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 optimize the financial and operational performance of Saferoads.

The skills, experience and expertise of each of the Directors are included in the Directors' report. It is noted that all non-executive Directors have served or are serving on other Boards. The Board considers that its non-executive Directors are independent, other than Mr D Smith.

The Board also acknowledges that it does not comply with ASX recommendations that there should be a majority of independent Directors. The Board believes that when the Company grows in size and complexity, it will become appropriate to appoint additional independent Directors, at which time the Board will be in full compliance with this principle.

### **Principle 3** Promote ethical and responsible decision-making

The Board has ensured through its Share Trading Policy that all qualifying personnel are aware of the strict restrictions on their trading in Saferoads' securities.

The Company has entered into employment agreements with the Managing Director and the General Manager which address the issues of ethical and responsible decision-making in their management of the Company.

### **Principle 4** Safeguard integrity in financial reporting

The Board has established an Audit and Risk Committee comprised of Mr G Keeghan (Chairman), Mr D Smith (Director) and Mr W Cruickshank (Company Secretary), with Mr D Hotchkin (Managing Director) being an invitee. The committee's charter is to advise, maintain and monitor business risk through an appropriate internal framework, and to assist the Board in fulfilling its audit, accounting and reporting obligations.

The Audit and Risk Committee met five times during 2005-06.

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

# SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538

**Principle 5**      Make timely and balanced disclosure

The Board is aware of its obligations to make timely and balanced disclosure both to the ASX and to the financial market in general. During the course of 2005-06 the Board made several announcements as material issues arose.

**Principle 6**      Respect the rights of shareholders

The Board 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 and to investor updates made from time to time.

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.

**Principle 7**      Recognise and manage risk

The committee referred to under Principle 4 above focuses on both audit and risk.

The committee has commenced a detailed risk identification, assessment and control process in order to ensure that all risks to the Company's business are adequately addressed.

**Principle 8**      Encourage enhanced performance

Detailed accounts are prepared monthly for review by senior management and form part of the operational detail that is presented to and discussed by the Board each month. This ensures that both the Board and executive management are apprised of information required for them to effectively discharge their responsibilities.

**Principle 9**      Remunerate fairly and responsibly

The Board has established a Remuneration Committee comprised of Mr G Bertuch (Chairman), Mr D Smith (Director) and Mr W Cruickshank (Company Secretary). Its charter is to review and advise the Board on compensation arrangements for Senior Managers and Directors and senior management. The Remuneration Committee is aware of its responsibility to ensure that remuneration packages are market competitive and will attract, motivate and retain high-quality personnel.

The committee met twice during 2005-06.

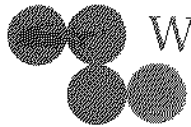
**Principle 10**     Recognise the legitimate interests of stakeholders

The Board aims to protect the interests of all non-shareholder stakeholders in the Company including employees, customers and clients, suppliers and the broader community.

The Company is committed to honoring all legal, social and environmental obligations. It has implemented and maintained an integrated management system incorporating Quality, Safety and Environmental policies which comply with the Civil Contractors Federation audit requirements, and which comply also with ISO 9001, 14001 and 18001 Standards.

**Continuous review of Council Guidelines**

As the Company's activities develop in size, nature and complexity, the Board and senior management will continuously review the Company's policies and procedures in the light of the Corporate Governance Council's guidelines and recommendations regarding corporate governance and best practice. The Board is committed to enhancing shareholder wealth and acknowledges that this is best achieved through being a responsible corporate entity from every perspective.



WHK Armitage Downie

**Auditors Independence Declaration to the Board of Saferoads Holdings Limited**

In relation to our audit of the financial report of Saferoads Holdings Limited for the financial year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*Armitage Downie & Co*

**ARMITAGE DOWNIE & CO**

*JB*

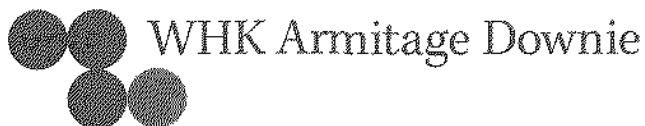
**JUSTIN BROOK  
PARTNER**

Date: 8 August 2006

*Total Financial Solutions*

WHK Business Services Pty Ltd ABN 84 006 466 351  
Armitage Downie & Co ABN 27 621 602 883

3 Napier Street Warragul Vic 3820  
PO Box 346 Warragul Vic 3820 DX 82007  
Telephone 03 5622 7500 Facsimile 03 5623 6948  
Email [armitage@adp.net.au](mailto:armitage@adp.net.au)



WHK Armitage Downie

**INDEPENDENT AUDIT REPORT**

**TO THE MEMBERS OF SAFEROADS HOLDINGS LIMITED**

**Scope**

We have audited the financial report comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Notes to the Financial Statements and Directors' Declaration of Saferoads Holdings Limited and the consolidated entity for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting estimates inherent in the financial report.

**Audit Approach**

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to in order to provide *reasonable assurance as to whether the financial report is free of material misstatement*. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature an extent of our procedures, our audit was not designed to provide assurance on internal controls.

**Independence**

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditors Independence Declaration a copy of which is included in the Directors' Report.

*Total Financial Solutions*

WHK Business Services Pty Ltd ABN 84 006 466 351  
Armitage Downie & Co ABN 27 621 602 883

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Email [armitage@adp.net.au](mailto:armitage@adp.net.au)



**Audit Opinion**

In our opinion, the financial report of Saferoads Holdings Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Armitage Downie & Co*

**ARMITAGE DOWNIE & CO**

*Justin Brook*

**JUSTIN BROOK  
PARTNER**

Date: 8 August 2006

Place: Warragul