

SAFEROADS HOLDINGS LIMITED

ANNUAL GENERAL MEETING

18 October 2007

Chairman's Address followed by Managing Director's address

Chairman's address - Gary Bertuch

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

The Board is delighted to announce that the Company's overall sales revenue has increased by more than 50% compared with 2005/06, and that gross profit and net operating profit margins have been maintained.

It is worthwhile reflecting on how far Saferoads has come over the past few years, and especially since listing in late 2005.

- Slide 1 Sales graph
- Slide 2 NPAT graph
- Slide 3 Market capitalization graph

Directors are comfortable that the Company is on track to achieve the company's strategic plan revenue and market capitalization targets of \$100 million by the end of fiscal year 2011

A very pleasing factor of performance in the past fiscal year has been that sales revenue from organic growth has increased by 35%, which is significantly higher than the target 15% increase which was foreshadowed by Darren Hotchkin at last year's annual general meeting.

A key aspect of the organic growth is that much of it has occurred in interstate markets. Growth in NSW last year was 71% and Queensland 213%, which are both outstanding achievements and which endorses Management's plans of increasing our interstate representation.

It is also pleasing to note that the acquisition of Swift Tech Solutions, has been fully and successfully integrated into the Saferoads' operation, and has added more than 10% to our sales revenue. For those of you that are not familiar with this company, Swift Tech is a Drouin based manufacturer and supplier of decorative and standard street light poles. We believe that in 2007-08 we will see a very significant increase in sales in this sector as we drive the business interstate through our established sales and distribution networks.

During the year we have again devoted considerable energy to the process of finding additional suitable strategic acquisitions that would be consistent with our core business, be earnings-accretive and able to add sustainable long term value for the benefit of our Shareholders. A number of acquisition options have been investigated throughout the year, but none met our stringent criteria. The search for strategic, value adding acquisition opportunities is an on-going process.

Road safety remains the Company's core business, and with spending by both State and Federal Governments on road infrastructure remaining at historically high levels, the Company continues to operate in a very favourable business environment. Whilst competition is increasing in some of the Company's traditional markets, significant investment has been devoted to the development of new products, and these developments have enjoyed excellent market acceptance over the past twelve months.

The Directors have declared a total dividend for 2006-07 of 8.0 cents per share, of which 3.5 cents per share was paid in April 07, and the final dividend of 4.5 cents per share will be paid in November 07. The Board anticipates that dividends will continue to grow in the future in line with movements in profitability.

On behalf of the Board, I would like to thank our Managing Director, Darren Hotchkin, our General Manager, Richard Purser and our talented and passionate team around Australia for their total commitment to the Company's success.

I would also like to thank my fellow Directors for their generous participation and wise counsel.

I will now hand over to our Managing Director, Darren Hotchkin who will review the business and its operations.

Gary Bertuch

Chairman of Directors

Managing Director's address - Darren Hotchkin

Ladies and Gentlemen, it is my pleasure to report to you today on the performance of our Company during the financial year to 30th of June 2007, and at the same time to provide an update on our expectations for the forthcoming year.

But first I will spend a few minutes on the background of the Company, our products and our markets.

The focus of the Company is Road Safety products and solutions.

Many of our products are designed to reduce the severity of a motor vehicle impact by absorbing the energy generated by the impact and by controlling the vehicle after the accident. Other products direct drivers through road conditions, inform drivers of live changes in traffic, and illuminate the roadways and surroundings.

OUR PRODUCTS

At the core of our product range are four key objectives: products that "Direct", products that "Protect", products that "Inform" and products that "Illuminate".

Products that "Direct" include guide posts and signs that direct road users. The Company was founded in 1992 to market a flexible guide post manufactured from the tread section of used tyres. This is a very competitive sector of our business, with low barriers to entry. In 06-07 it comprised 6% of our total revenue and we expect to achieve this again in 07-08.

Products that "Protect" include guard rail and wire rope safety barriers, plastic water filled "triton" barriers, steel "Ironman" barriers, concrete "T-lok" barriers and plastic "Block-out" pedestrian barriers.

The supply and installation of guard rail and wire rope safety barriers comprised 16% of our 06-07 revenue. This is also a very competitive market but the ability to supply and install gives us a competitive advantage particularly in larger tenders. We expect strong growth in this market in 07-08.

The Ironman steel barrier and the Block-out pedestrian barrier are proprietary products which have gained good market acceptance. The Ironman barrier in particular faces minimal competition in the market, and it is now common to see them deployed on construction sites. In 06-07, these products comprised 19% of the company's revenue.

Triton barriers continue to perform well in the market. These are the orange and white water filled plastic barriers used on construction sites. In addition to the usual application they are now being used as an end treatment for Ironman and concrete barriers. In 06-07 this product comprised 18% of revenue.

The T-lok portable concrete barrier is a new product that we manufacture under licence. It is one of only two portable concrete barriers that are compliant with recently amended regulations, and currently it enjoys a significant competitive edge in the market. In 2006-07 this barrier comprised 6% of revenue.

Products that “Inform” are predominantly electronic devices that capture and / or provide near live information to road users. The devices include arrow boards, variable message signs such as are commonly seen advising of changes to road conditions, and courtesy speed advisory signs. This is a competitive but growing market with minimal barriers to entry. This sector comprised 7% of our revenue in 06-07 and we expect to achieve this again in 07-08

Finally, products that “Illuminate” are the latest entry to our product portfolio. In October 2006, we acquired the business and assets of a Drouin based manufacturer of decorative street lighting. The manufacturer had successfully penetrated the street lighting market, predominantly in Victoria, both with normal standard light poles, and more particularly with decorative street lighting.

A key part of our strategy to grow this business is to penetrate the interstate lighting market and utilise our national sales force to generate customer awareness of our products. The standard light pole market is very competitive but our decorative street lighting has strong acceptance in Victoria and should achieve the same acceptance in other states.

Since the date of acquisition and over the remainder of the year the lighting business performed to budget, and contributed \$4.75 million to 06-07 revenue. We have budgeted conservatively for a growth of 16% in this sector for 07-08.

OUR MARKET

The Company operates in a very favourable environment. Focus on road safety remains high on the priorities of Federal and State governments, with recent budgets maintaining strong road spending initiatives. Our major customers are State Government authorities such as VicRoads, Road and Traffic Authority (NSW) and the Queensland Department of Main Roads. We also sell to Shire Councils, to road equipment hire Companies such as Coates, and to road construction companies such as Thiess John Holland and Leightons.

We continue to operate in a market that is financially secure. More than 50% of our business is generated either directly or indirectly from various arms of government.

FINANCIAL PERFORMANCE

We achieved a very solid financial performance for the 06-07 year. We achieved total sales of \$40.7 million, and NPAT of \$4.5 million, both of which represent an increase of over 50% compared with the previous year. Organic growth for the year was 35%, which was well in excess of the target of 15% set at the start of the year. It is particularly pleasing to note that gross profit and operating profit margins were maintained.

We delivered earnings per share of 17.7 cents compared with 12.5 cents in 05-06, and will be paying dividends of 8 cents per share compared with 6 cents per share in 05-06.

Historically we have been growing at around 20% per annum, and more than maintained this growth in 06-07.

LOOKING AHEAD

The outlook for 07/08 is very encouraging. Both the Federal and State governments have maintained strong spending initiatives in their respective budgets. These spending initiatives will have a positive effect on our hire company customers, our direct business with State and Local governments, and our business with Road Construction companies.

We started the year 07-08 with more than \$14 million in our order book. More than \$6 million of this related to guard rail and wire rope safety barriers. All items in the forward orders of \$14 million will be supplied prior to the end of December this year.

There are a number of major road infrastructure works in view throughout the mainland states, including the Monash Freeway upgrade. In view of our history with successful tendering, we believe we have a strong chance of winning a significant share of these works.

Since July this year we have also received strong orders for the Ironman barrier, the "T-lok" concrete barrier and the Triton barrier.

We have seen positive results from our program of increasing our personnel resources and market presence in all mainland states and will continue to boost these resources appropriately.

We have had a very positive start to this new year, with revenue for the first quarter being significantly above the first quarter of last year, and also better than forecast. Profit margins have also held in well. This gives us comfort that the full year performance for 07-08 will be on target.

Our future growth strategy is to combine strong organic growth with strategic acquisitions. Our organic growth target for 07-08 is to increase sales by more than 15% over 06-07 whilst maintaining our relative profit margins. We will continue with our aggressive supply chain management both nationally and internationally to maintain and even to improve our market competitiveness.

We mentioned in our Annual Report, and our Chairman has mentioned in his address that we continue to devote considerable 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 long term value for the benefit of our shareholders. During 06-07 we considered several possible acquisitions but none measured up to our high criteria.

At the start of the meeting the Chairman introduced Mr Richard Purser our General Manager. Richard joined our company in July of this year. Prior to joining us he was for seven years the General Manager of Coates Shorco, a division of Coates Hire Limited, which was then the largest construction rental business in Australia. He has been closely involved with managing company growth and with road safety products - our core business. We believe that Richard's management skills and expertise will be invaluable to the company and will enhance the future growth and expansion of Saferoads.

In closing, I would like to sincerely thank all our shareholders for their continued support, and for the confidence shown in Saferoads. We look forward confidently to another year of steady, sustainable growth and to an ongoing increase in shareholder value.

Thank you.

Darren Hotchkin

Managing Director