

ANNUAL REPORT

ANNUAL REPORT FOR
THE YEAR ENDED
30 JUNE 2007

SAFEROADS HOLDINGS LIMITED
ABN 81 116 668 538



Highlights - For Year Ended 30 June 2007

- Achieved sales revenue of \$40.7 million, an increase of 53% on last year
- Achieved NPAT of \$4.46 million, an increase of 55% on last year
- Achieved earnings per share of 17.7 cents per share, compared with 12.5 cents per share last year
- Paid a fully franked dividend of 8.0 cents per share
- Organic sales revenue increased by 35% compared with last year
- Successfully integrated first acquisition
- Successfully introduced “T-lok” fully compliant portable concrete barriers
- Signed contract with Thiess John Holland to supply and install wire rope and W-beam safety barriers on the East Link Freeway project (Vic) to value of \$4.9 million.

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Dear Shareholder,

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. Sales revenue from organic growth has increased by 35%, which is significantly higher than the target 15% increase which was foreshadowed by the Managing Director at last year's annual general meeting.

In October 2006, the Company acquired the assets of Swift Tech Solutions Pty Ltd, a Drouin based manufacturer and supplier of decorative and standard street light poles. It is pleasing to note that this acquisition has been fully and successfully integrated into the Saferoads' operation, and has added more than 10% to our sales revenue. 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. Target revenue from this acquisition for 2007-08 is 15% of total revenue

During the year we 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. Although we considered a number of options throughout the year, there were none that 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. 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, and our talented and dedicated team for their unstinting commitment to the Company's success. I also extend a welcome to our new General Manager, Richard Purser, who comes to us with extensive experience in the road safety industry. I would also like to thank my fellow Directors for their enthusiastic participation and astute counsel.

A handwritten signature in black ink that reads "Gary Bertuch". The signature is written in a cursive, flowing style.

Gary Bertuch
Chairman

2 Managing Director's Report

The year 2006-07 has been another excellent year for Saferoads. The Company's primary purpose for listing in December 2005 was to facilitate continuing growth and expansion and I am delighted to advise that at our growth rate over the past 12 months has been in excess of 50% on both sales and NPAT. The bulk of the growth has been organic, but we have also successfully integrated our first acquisition throughout the course of the year.



Performance during 2006-07

Saferoads Holdings Limited celebrated its second year as a listed company with another period of controlled growth and strong financial performance. The Company 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. The Company's first acquisition, the Swift Tech Group, was completed in October 2006, and this group contributed sales revenue of \$4.75 million and a significant component of the consolidated operating profit.

The company again ended the year with a strong, debt free balance sheet (other than motor vehicle leases) and a robust working capital ratio of 2:1

During the year, demand for our temporary safety barrier products remained strong. These products include the Ironman steel barrier, the Triton plastic water filled barrier and the newly introduced T-lok portable concrete barrier. We are particularly pleased with the road safety market's acceptance of the concrete barrier, with significant sales being achieved in eastern states. The year finished with strong forward orders for each of these temporary safety barrier products.

The supply and installation of permanent road safety barriers such as guard rail and the Gibraltar wire rope system had another strong year, with orders carried forward already in excess of 2006-07 revenue. We expect that this sector will continue to be a strong contributor to our future growth.

All other traditional product groups have performed in line with or better than our internal budgets and all product groups have contributed to the Company's record profit performance.

We are particularly pleased with the performance of the Company's first acquisition, the Swift Tech Group, which was completed in October 2006. Swift Tech is a Drouin based manufacturer and supplier of decorative and standard street lighting. The Company achieved street lighting sales of \$4.75 million for the 9 months of operation post acquisition, which compares favourably with the audited annual Swift Tech sales for the 2005-06 year. There have been significant one off integration costs which have impacted on the net profit of the lighting division for the 2006-07 year. However, we are currently amalgamating lighting production into the Saferoad's manufacturing operations which will lead to significant production cost savings in the future.

As foreshadowed in our report last year, we significantly strengthened our personnel resources and market presence interstate throughout the course of 2006-07. We now have Saferoads' sales offices and warehouse premises in all states except for Tasmania. The increased market presence in Queensland and New South Wales has already been particularly effective, with sales levels for 2006-07 in each of these states being well above last year.

In April 2007 we were successful in maintaining our accreditation against ISO 9001:2000 Quality Management System, ISO 14001:2004 Environmental Management System and ISO 18000:1999 Occupational Health and Safety Management System.

Looking ahead.

The outlook for 2007-08 is very encouraging with both State and Federal Government budgets maintaining strong road spending initiatives.

To cater for the increasing demand for road safety products, we will continue to strengthen our resources and market presence in all states of Australia. On 1 July 2007, we opened a sales office and warehouse in outer Melbourne, and have appointed a Victorian State Manager to provide a stronger focus on our Victorian business. We have also recently increased our sales resources in Western Australia to provide greater coverage over the vast metropolitan and regional areas of the west.

We have budgeted this year for a significant increase in sales of our street lighting products. The Company's lighting products have historically performed well in the Victorian market, and the focus for 2007-08 will be to grow this business in interstate markets. We have already secured new markets in South Australia and New South Wales, and we believe that additional markets will be secured during the course of 2007-08.

Our continuing future growth strategy is to combine organic growth with strategic acquisitions. Our organic growth target for 2007-08 is to increase sales by more than 15% over 2006-07, whilst maintaining our relative profit margins. We will continue our aggressive supply chain management strategy, whereby materials and products will be sourced from overseas as well as from Australia to enable us to maintain our market competitiveness.

We continue to devote significant energy to the process of finding suitable strategic acquisitions which are consistent with our core business and which will add sustainable long term value for the benefit of our Shareholders.

I am pleased to advise that Richard Purser joined the Company in July 2007 as General Manager. Prior to joining Saferoads, Richard was the General Manager of Coates Shorco, a division of Coates Hire Limited, the largest rental business in Australia. He has extensive experience in the road safety industry and in managing growth companies. We believe that Richard's management skills and expertise will significantly enhance the future growth of Saferoads.

Thank you again 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

3 Director's Report

Your Directors submit their report for the year ended 30 June 2007.

DIRECTORS

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

Name	Appointed
Darren Hotchkin	21 October 2005
Duncan Smith	21 October 2005
Gary Bertuch	31 October 2005
Gerard (Ged) Keeghan	31 October 2005



Directors: Standing (L-R): Ged Keeghan, Duncan Smith
Seated: Gary Bertuch, Darren Hotchkin

DIRECTOR PROFILES

Gary C Bertuch (Age 56)

Non-Executive Chairman

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

Gary 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 also currently the Managing Director of HySSIL Pty Ltd, which is a global commercialisation venture involving the CSIRO, and the Chairman of HydroChile Pty Ltd, a company which develops and operates small hydro power stations in Chile.

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

Darren Hotchkin (Age 43)
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.

Gerard (Ged) Keeghan (Age 46)
Non-Executive Director

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

Ged gained considerable experience in the building and construction industry as the Chief Executive of the civil infrastructure contractor Standard Roads Group from 1991 to 2002; 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 64)
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 (Age 64)
Company Secretary

Bill Joined Saferoads Pty Ltd in June 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

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 of which was Drypac, based in Warragul, Victoria. After selling that business in 2002, Wayne 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 as well as having involvement with the Company's Research and Development programme.



Management Group: Standing (L-R): Mark Andrew, Kylie Johnson, Wayne Portelli, Casey McMaster
Seated: Murray Markwell, Bill Cruickshank

Kylie Johnson **Corporate Accountant**

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

Previously Kylie worked for Philip Morris Limited for four years in financial accounting and management accounting. As Corporate Accountant, she 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 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.

Murray Markwell **National Product and Marketing Manager**

Murray joined Saferoads in 2001 as Sales Manager - Workzone Products and since then has been involved with the Crash Cushion and Temporary Barrier product groups. Murray was recently promoted to the new position of National Product and Marketing Manager where he is responsible for supervising the Product Management team, providing sales and technical support to the company's sales personnel, and overseeing the development of marketing strategies.

Prior to joining Saferoads, Murray held various sales and product management related positions in local, regional and national roles, primarily in the Industrial Supply and Personal Protective Equipment industries.

Casey McMaster **National Tenders and Installations Manager**

Casey joined the company in June 2003 as Installation Project Manager, to head up the rapidly growing guardrail and wire rope safety barrier supply and installation sector of the Company's business.

Casey has a strong background in road construction, working for four years with Coomes Consulting Group as Civil Engineer / Team Leader involved with all aspects of road design and then with the Baw Baw Shire Council as Engineer / Contracts Officer involved with road construction and other civil works.

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

INTEREST IN SHARES

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

Name	Shares
Gary Bertuch	20,000
Darren Hotchkin	4,237,500
Duncan Smith	1,087,500
Gerard (Ged) Keeghan	nil

DIVIDENDS

On 7 August 2007 the Directors declared a final dividend of 4.5 cents per share, fully franked. This follows on from the interim dividend of 3.5 cents per share fully franked paid in April 2007.

Description	Cents Per Share	Total Amount \$	Date of Payment
Dividend paid during the year (interim, fully franked)	3.5	910,000	4 April 2007
Final dividend declared (fully franked)	4.5	1,170,000	7 November 2007
Total dividend for year ended 30 June 2007	8.0	2,080,000	

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 others are manufactured and/or assembled on our premises.

The supply and installation of guardrail and wire rope safety barriers for Vic Roads and similar road authorities in other states continues to be a growing part of our business.

In all its activities, the Company remains 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

In October 2006 Saferoads Pty Ltd, the wholly owned subsidiary of Saferoads Holdings Limited, purchased the assets of Swift Tech Solutions Pty Ltd and Swift Tech Cartage Pty Ltd. Swift Tech is a manufacturer and supplier of decorative and standard street light poles mainly to the Victorian market.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 9 July, Mr Richard Purser joined the company as General Manager.

On 7 August, the Directors declared a final dividend of 4.5 cents per share, fully franked, to be paid 7 November 2007. The total amount of the dividend is \$1,170,000 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.

At the time of the Initial Public Offering in December 2005, the remuneration package for the Managing Director Mr Darren Hotchkin was adjusted to reflect his additional responsibilities and the increased complexity of the Company. As from July 2006, his remuneration package was based on a fixed base salary, a fully maintained motor vehicle and an incentive bonus that was dependent on increasing the return to shareholders.

The remuneration of the Directors was also set as part of the Initial Public Offering in December 2005, and remained unchanged for the full year 2006-07. 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. This agreement is 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 2007	Short Term			Post Employment	Long Term	Total
	Salaries & Fees	Fringe Benefits	Cash Bonus	Superannuation	Long Service Leave	
	\$	\$	\$	\$	\$	\$
Directors						
Gary Bertuch	50,000	-	-	4,500	-	54,500
Darren Hotchkin	166,407	12,336	168,873	14,997	(4,617)	375,976
Duncan Smith	30,000	-	-	2,700	-	32,700
Gerard Keeghan	30,000	-	-	2,700	-	32,700
Executives						
Wayne Portelli	98,828	-	9,426	9,743	526	118,523
Bill Cruickshank	75,274	-	9,426	7,623	1,961	94,284
	450,509	12,336	187,725	42,243	(2,130)	690,683

DIRECTORS' MEETINGS

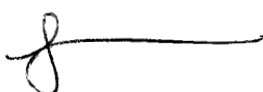
The number of meetings of Directors (including meetings of committees of Directors) held during the year and the numbers of meetings attended by each Director were as follows:

Names	Directors		Audit and Risk Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr G Bertuch	11	11	-	-	2	2
Mr D Hotchkin	11	11	5	5	-	-
Mr D Smith	11	11	5	5	2	2
Mr G Keeghan	11	11	5	5	-	-

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.



Ged Keeghan
Director
 Drouin

4 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 2006-07.

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.

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 2006-07 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.

The Board is aware of the need to regularly assess the contribution and performance of each Director and of the Board as a whole. To this end the Board conducts an annual Board and Performance Evaluation Review and the Chairman discusses with each Director his or her performance and contribution to the Board.

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 2006-07.

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.

5 Financial Statements

SAFEROADS HOLDINGS LIMITED

Income Statement

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue	4	40,729,633	26,653,580	-	-
Cost of sales		(26,503,488)	(18,287,969)	-	-
Gross profit		14,226,145	8,365,611	-	-
Other income	4	98,640	(2,808)	1,724,063	575,000
Employee benefits		(4,729,912)	(2,445,803)	-	-
Amortisation		(5,059)	(5,059)	-	-
Finance costs		(28,699)	(14,578)	-	-
Depreciation		(366,431)	(196,595)	-	-
Other expenses		(2,810,895)	(1,582,854)	(3,421)	-
Profit before income tax	4	6,383,789	4,117,914	1,720,642	575,000
Income tax expense	5	(1,921,522)	(1,236,153)	(2,719)	-
Profit after tax from continuing operations		4,462,267	2,881,761	1,717,923	575,000
Net profit for the period		4,462,267	2,881,761	1,717,923	575,000
Net profit attributable to members of parent		4,462,267	2,881,761	1,717,923	575,000
Earnings per share (cents per share)					
- basic for profit for the full year		17.7	12.5		
- diluted for profit for the full year		17.7	12.5		
- dividends paid per share		8.0	6.0		

SAFEROADS HOLDINGS LIMITED

Balance Sheet

AS AT 30 JUNE 2007

	Notes	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	8	600,955	15,121	9,961	-
Trade and other receivables	9	9,406,398	4,432,788	-	-
Inventories	11	4,824,804	2,134,709	-	-
Prepayments		145,658	74,350	-	-
Total Current Assets		14,977,815	6,656,968	9,961	-
Non-current Assets					
Deferred tax assets	5	111,344	68,617	-	-
Property, plant and equipment	12	2,448,501	1,500,288	-	-
Other financial assets	13	-	-	27,030,708	23,000,000
Intangible assets	14	2,115,938	55,335	-	-
Total Non-current Assets		4,675,783	1,624,240	27,030,708	23,000,000
TOTAL ASSETS		19,653,598	8,281,208	27,040,669	23,000,000
LIABILITIES					
Current Liabilities					
Trade and other payables	15	6,471,931	2,481,706	4,319	-
Interest-bearing loans and borrowings	16	269,589	103,252	-	-
Income tax payable		528,188	430,289	2,719	-
Provisions	17	270,453	171,031	-	-
Total Current Liabilities		7,540,161	3,186,278	7,038	-
Non-current Liabilities					
Interest-bearing loans and borrowings	16	288,144	80,327	-	-
Provisions	17	59,354	26,639	-	-
Total Non-current Liabilities		347,498	106,966	-	-
TOTAL LIABILITIES		7,887,659	3,293,244	7,038	-
NET ASSETS		11,765,939	4,987,964	27,033,631	23,000,000
EQUITY					
Contributed equity	18	4,130,708	100,000	27,030,708	23,000,000
Retained earnings	18	7,635,231	4,887,964	2,923	-
TOTAL EQUITY		11,765,939	4,987,964	27,033,631	23,000,000

SAFEROADS HOLDINGS LIMITED

Cash Flow Statement FOR THE YEAR ENDED 30 JUNE 2007

	Notes	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		41,088,110	31,111,136	-	-
Payments to suppliers and employees		(35,780,387)	(27,345,207)	-	-
Interest paid		(28,699)	(14,578)	-	-
Income tax paid		(1,846,047)	(1,228,277)	-	-
GST paid		(968,085)	(587,553)	-	-
Net cash flows from operating activities	8	2,464,892	1,935,521	-	-
Cash flows from investing activities					
Interest received		45,975	18,647	9,063	-
Dividends received		-	-	1,715,000	575,000
Proceeds from sale of property, plant and equipment		135,318	99,090	-	-
Purchase of property, plant and equipment		(1,305,680)	(624,415)	-	-
Acquisition of business		(2,610,133)	-	-	-
Net cash flows used in investing activities		(3,734,520)	(506,678)	1,724,063	575,000
Cash flows from financing activities					
Proceeds from issue of shares		3,416,000	-	-	-
Payment of share issue costs		(219,692)	-	(776)	-
Proceeds from borrowings		616,211	164,414	-	-
Repayment of borrowings		(242,057)	(187,681)	-	-
Equity dividends paid		(1,715,000)	(1,775,000)	(1,713,326)	(575,000)
Net cash flows used in financing activities		1,855,462	(1,798,267)	(1,714,102)	(575,000)
Net increase/(decrease) in cash and cash equivalents		585,834	(369,424)	9,961	-
Cash and cash equivalents at beginning of period		15,121	384,545	-	-
Cash and cash equivalents at end of period	8	600,955	15,121	9,961	-

SAFEROADS HOLDINGS LIMITED

Statement of Changes in Equity FOR THE YEAR ENDED 30 JUNE 2007

	Contributed Equity	Retained Earnings	Total Equity
	\$	\$	\$
CONSOLIDATED			
At 1 July 2005	100,000	3,781,203	3,881,203
Profit for the period	-	2,881,761	2,881,761
Issue of share capital	-	-	-
Equity dividends	-	(1,775,000)	(1,775,000)
At 30 June 2006	100,000	4,887,964	4,987,964
At 1 July 2006	100,000	4,887,964	4,987,964
Profit for the period	-	4,462,267	4,462,267
Issue of share capital	3,416,000	-	3,416,000
Issue of share capital on acquisition of business	834,400	-	834,400
Share issue costs	(219,692)	-	(219,692)
Equity dividends	-	(1,715,000)	(1,715,000)
At 30 June 2007	4,130,708	7,635,231	11,765,939
PARENT			
At 1 July 2005	-	-	-
Profit for the period	-	575,000	575,000
Issue of share capital	23,000,000	-	23,000,000
Equity dividends	-	(575,000)	(575,000)
At 30 June 2006	23,000,000	-	23,000,000
At 1 July 2005	23,000,000	-	23,000,000
Profit for the period	-	1,717,923	1,717,923
Issue of share capital	3,416,000	-	3,416,000
Issue of share capital on acquisition of business	834,400	-	834,400
Share issue costs	(219,692)	-	(219,692)
Equity dividends	-	(1,715,000)	(1,715,000)
At 30 June 2007	27,030,708	2,923	27,033,631

6 Notes to Financial Statements

SAFEROADS HOLDINGS LIMITED

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1 CORPORATE INFORMATION

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report which is prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

(b) Statement of compliance

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the group for the annual reporting period ending 30th June 2007. The impact of the adoption in the future is not expected to be material.

(c) Basis of consolidation

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

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

The implications under AASB 3 "Business Combinations" for Group purposes are that the transaction that occurred in 31 October 2005 is accounted for as a reverse acquisition and as such, the legal subsidiary becomes the accounting acquirer under AIFRS. The effect of this is that the Group financial statements are prepared for the year ending 30 June 2007 as a continuation of the legal subsidiary, Saferoads Pty Ltd, with comparative information for the year ended 30 June 2006, using consistent accounting policies.

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

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

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

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

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

(d) Business Combinations

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

(e) 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.

(f) Property, plant and equipment

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

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

Buildings - 7%

Plant and equipment - 20% to 40%

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

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

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

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

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

(i) Goodwill and intangible assets***Goodwill***

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

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

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

- represents the lowest level within the group at which the goodwill is monitored for internal management purposes, and
- is not larger than a segment based on either the group's primary or the group's secondary reporting format determined in accordance with AASB 114 Segment Reporting.

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

Intangibles

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

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

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

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

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

Research and development costs

Research costs are expensed as incurred.

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(j) Inventories

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

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

Raw materials - purchase cost on a first-in, first-out basis;

Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

(k) Trade and other receivables

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

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

(l) Cash and cash equivalents

Cash and short-term deposits in the 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.

(m) Interest-bearing loans and borrowings

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

Interest expense is recognised as it accrues.

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

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

(n) Provisions

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

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

(o) Contributed equity

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

(p) Share-based payment transactions

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

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

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

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

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

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

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

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

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

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer, or where the customer has explicitly requested that the goods be held on their behalf.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(r) Income Tax

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

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:

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

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

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

The carrying amount of deferred income tax assets is reviewed at each 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.

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the 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.

(t) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made for those benefits.

(u) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(v) Derivative Financial Instruments

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

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	
	2007	2006	2007	2006
	\$	\$	\$	\$
(i) Revenue				
Sale of goods	40,729,633	26,653,580	-	-
			-	-
(ii) Other income				
Interest	45,975	18,647	9,063	-
Dividends from subsidiary	-	-	1,715,000	575,000
Profit on sale of plant & equipment	(47,218)	(43,948)	-	-
Other	99,883	22,493	-	-
	98,640	(2,808)	1,724,063	575,000
TOTAL	40,828,273	26,650,772	1,724,063	575,000

5 INCOME TAX

Major components of income tax expense for the year ended 30 June 2007 are:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Income Statement				
Current income tax				
Current income tax charge	1,943,946	1,265,599	2,719	-
Deferred income tax				
Relating to origination and reversal of temporary differences	(22,424)	(29,446)	-	-
Income tax expense reported in income statement	1,921,522	1,236,153	2,719	-

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 2007 is as follows:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Accounting profit before income tax	6,383,789	4,117,914	1,720,642	575,000
At the statutory income tax rate of 30%	1,915,137	1,235,374	516,193	172,500
Adjustments in respect of current income tax of previous years				
Tax concessional items	(5,707)	(6,781)	-	-
Franking credits	-	-	(514,500)	(172,500)
Expenditure not allowable for income tax purposes	12,092	7,560	1,026	-
Total	1,921,522	1,236,153	2,719	-

Deferred income tax

Deferred income tax at 30 June relates to the following:

	BALANCE SHEET		INCOME STATEMENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
CONSOLIDATED				
Deferred income tax assets				
Employee entitlements	98,942	59,302	19,338	20,131
Other	12,402	9,315	3,086	9,315
Gross deferred income tax assets	111,344	68,617	-	-
Deferred income tax charge	-	-	22,424	29,446

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	
	2007	2006	2007	2006
	\$	\$	\$	\$
Net profit attributable to equity holders from continuing operations	4,462,267	2,881,761	-	-
Net profit attributable to equity holders of the parent	4,462,267	2,881,761	-	-
Net profit attributable to ordinary shareholders for diluted earnings per share	4,462,267	2,881,761	-	-
Weighted average number of ordinary shares for basic earnings per share	25,269,300	23,000,000	-	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	25,269,300	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 proportionate weighting of the 26,000,000 shares on issue.

7 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Equity dividends on ordinary shares:				
Dividends paid prior to listing on the ASX	-	1,200,000	-	-
Final dividend for 2006: 3.5 cents	-	805,000	-	805,000
Interim franked dividend for 2007: 3.5 cents (2006: 2.5 cents)	910,000	575,000	910,000	575,000
The tax rate at which paid dividends have been franked is 30%.				
Dividends proposed and not recognised as a liability:				
Final franked dividend for 2007: 4.5 cents (2006: 3.5 cents)	1,170,000	805,000	1,170,000	805,000
Dividends proposed will be franked at the tax 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	3,522,039	1,950,884	-	-

8 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank and in hand	600,955	15,121	9,961	-

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:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank and in hand	600,955	15,121	9,961	-
Reconciliation from the net profit after tax to the net cash flows from operations				
Net profit	4,462,267	2,881,761	1,717,923	575,000
Adjustments for:				
Depreciation	366,431	196,595	-	-
Amortisation	5,059	5,059	-	-
Net (profit)/loss on disposal of plant and equipment	47,218	43,948	-	-
Interest received	(45,975)	(18,647)	(9,063)	-
Dividend Received	-	-	(1,715,000)	(575,000)
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	(3,885,591)	1,773,852	-	-
(Increase)/decrease in inventories	(2,047,235)	(727,195)	-	-
(Increase)/decrease in prepayments	(71,308)	(52,069)	-	-
(Decrease)/increase in deferred income tax assets	(22,424)	(29,446)	-	-
(Decrease)/increase in trade and other payables	3,494,091	(2,242,759)	3,421	-
(Decrease)/increase in provisions	64,460	67,100	-	-
(Decrease)/increase in tax provision	97,899	37,322	2,719	-
Net cash from operating activities	2,464,892	1,935,521	-	-

Non-cash financing and investing activities

During the year the group issued shares of \$834,400 in relation to the acquisition of the lighting business.

9 TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Trade receivables	9,406,398	4,432,788	-	-
	9,406,398	4,432,788	-	-

Trade receivables are non-interest bearing.

10 ECONOMIC DEPENDENCY

The Group has an economic dependency on Coates Shorco who have contributed 20% (2006:29%) of Group sales.

11 INVENTORIES

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Stock on hand	4,824,804	2,134,709	-	-

12 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Land	57,000	57,000	-	-
Buildings at cost	761,530	664,106	-	-
Less accumulated depreciation	(236,575)	(200,982)	-	-
	524,955	463,124	-	-
Plant & equipment at cost	2,793,716	1,577,975	-	-
Less accumulated depreciation	(927,170)	(597,811)	-	-
	1,866,546	980,164	-	-
Total property, plant & equipment	2,448,501	1,500,288	-	-

Movements in Carrying Amounts

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

	Land	Buildings	Plant & Equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2006	57,000	463,124	980,164	1,500,288
Additions	-	97,424	1,208,256	1,305,680
Additions through business combination	-	-	191,500	191,500
Depreciation expense	-	(35,593)	(330,838)	(366,431)
Disposals	-	-	(182,536)	(182,536)
Carrying amount at 30 June 2007	57,000	524,955	1,866,546	2,448,501
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)	(196,594)
Disposals	-	-	(143,039)	(143,039)
Carrying amount at 30 June 2006	57,000	463,124	980,164	1,500,288

13 OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Investment in subsidiary at cost	-	-	27,030,708	23,000,000

14 INTANGIBLE ASSETS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Goodwill	2,065,662	-	-	-
Licence agreements at cost	73,677	73,677	-	-
Less accumulated amortisation	(23,401)	(18,342)	-	-
	2,115,938	55,335	-	-

(a) Movements in Carrying Amounts	Goodwill	License Agreement	Total
Balance at 1 July, 2006	-	55,335	55,335
Additions	-	-	-
Acquisition of business	2,065,662	-	2,065,662
Amortisation expense	-	(5,059)	(5,059)
Carrying amount at 30 June 2007	2,065,662	50,276	2,115,938
Balance at 1 July, 2005	-	60,394	60,394
Additions	-	-	-
Acquisition of business	-	-	-
Amortisation expense	-	(5,059)	(5,059)
Carrying amount at 30 June 2006	-	55,335	55,335

(b) Impairment test for goodwill

Goodwill is allocated to the lighting product group cash-generating unit. The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period. The cash flows are discounted using the yield of the 10-year government bonds at the beginning of the budget period.

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

	Growth Rate	Discount Rate
Lighting group	15%	6.18%

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

15 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Trade payables	5,694,796	1,921,039	4,319	-
Accrued expenses	516,206	510,206	-	-
GST payable	260,929	50,461	-	-
	6,471,931	2,481,706	4,319	-

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

16 INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
Current	\$	\$	\$	\$
Hire purchase	269,589	103,252	-	-
Non-current				
Hire purchase	288,144	80,327	-	-

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	300,000	100,000	-	-
- bank charge card	35,000	35,000	-	-
- trade facilities	2,350,000	600,000	-	-
- bank guarantee	350,000	300,000	-	-
Facilities used at reporting date				
- bank overdraft	-	-	-	-
- bank charge card	-	-	-	-
- trade facilities	-	322,825	-	-
- bank guarantee	307,662	150,165	-	-
Facilities unused at reporting date				
- bank overdraft	300,000	100,000	-	-
- bank charge card	35,000	35,000	-	-
- trade facilities	2,350,000	277,175	-	-
- bank guarantee	42,338	149,835	-	-

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

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
Current	\$	\$	\$	\$
Annual Leave	182,373	79,590	-	-
Long service leave	88,080	91,441	-	-
	270,453	171,031	-	-
Non-current				
Long service leave	59,354	26,639	-	-
Total employee entitlements	329,807	197,670		

18 EQUITY

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
Contributed Equity	\$	\$	\$	\$
<i>Ordinary shares</i>				
Issued and fully paid	4,130,708	100,000	27,060,708	2,923

Movements in ordinary shares on issue (legal parent)			SHARES	
			2007	2006
At 1 July			23,000,000	-
Issued on 31 October 2005 in exchange for issued share capital of Saferoads Pty Ltd			-	23,000,000
Issue of share capital through share placement on 27 September, 2006			2,440,000	-
Issue of share capital on acquisition of business on 2 October, 2006 (note 21)			560,000	-
At 30 June			26,000,000	23,000,000

Retained Earnings

Movements in retained earnings are as follows:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Balance at 1 July	4,887,964	3,781,203	-	-
Net profit for year	4,462,267	2,881,761	1,717,923	575,000
Dividends paid	(1,715,000)	(1,775,000)	(1,715,000)	(575,000)
Balance at 30 June	7,635,231	4,887,964	2,923	-

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		Total
				Maturing		
				Within 1 year	1 to 2 years	
2007	%	\$	\$	\$	\$	
Financial Assets						
- Cash	5.00	-	600,955	-	-	600,955
- Receivables	N/A	9,406,398	-	-	-	9,406,398
Total Financial Assets		9,406,398	600,955	-	-	10,007,353
Financial Liabilities						
- Payables	N/A	6,471,931	-	-	-	6,471,931
- Hire purchase	6.70	-	-	269,589	288,144	557,733
Total Financial Liabilities		6,471,931	-	269,589	288,144	7,029,664
2006	%	\$	\$	\$	\$	
Financial Assets						
- Cash	3.00	-	15,121	-	-	15,121
- Receivables	N/A	4,432,788	-	-	-	4,432,788
Total Financial Assets		4,432,788	15,121	-	-	4,447,909
Financial Liabilities						
- Payables	N/A	2,481,706	-	-	-	2,481,706
- Hire purchase	6.90	-	-	103,252	80,327	183,579
Total Financial Liabilities		2,481,706	-	103,252	80,327	2,665,285

(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 2007, 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

On 2 October 2006, the Group acquired the business and assets of Swift Tech Solutions Pty Ltd and Swift Cartage Pty Ltd, a manufacturer and supplier of decorative street lighting.

In connection with the business combination, Saferoads Holdings Limited issued 560,000 ordinary shares with a fair value of \$1.49 each being the published price of Saferoads Holdings Limited shares at the date of acquisition.

From the date of acquisition, the lighting business has contributed \$285,784 to the net profit of the Group.

If the combination had taken place at the beginning of the year, the profit for the Group would have been \$4,559,980 and the revenue from continuing operations would have been \$42,353,878.

The fair value of the identifiable assets and liabilities as at the date of acquisition are:

	Recognised on	Carrying Value
	\$	\$
Trade receivables	1,088,019	1,088,019
Inventories	642,860	642,860
Property, plant & equipment	191,500	-
Deferred income tax asset	20,303	-
	1,942,682	1,730,879
Trade payables	(496,134)	(496,134)
Provision for employee entitlements	(67,677)	-
	(563,811)	(496,134)
Fair value of net assets	1,378,871	1,234,745
Goodwill arising on acquisition	2,065,662	
	3,444,533	
Consideration:		
Shares issued, at fair value	834,400	
Cash consideration	2,585,061	
Costs associated with the acquisition	25,072	
	3,444,533	

22 COMMITMENTS AND CONTINGENCIES

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating Lease - properties				
Non-cancellable operating leases:				
- less than one year	187,224	-	-	-
- later than one year but less than five years	533,840	-	-	-
Total operating lease commitments	721,064	-	-	-
Hire Purchases				
Hire purchase commitments payable:				
- less than one year	304,504	113,517	-	-
- later than one year but less than five years	305,717	83,607	-	-
	610,221	197,124	-	-
Less future finance charges	(52,488)	(13,545)	-	-
Total hire purchase liability	557,733	183,579	-	-
Reconciled to:				
Current liability	269,589	103,252	-	-
Non-current liability	288,144	80,327	-	-
	557,733	183,579	-	-

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	
		2007	2006	2007 (\$)	2006 (\$)
Saferoads Pty Ltd	Australia	100%	100%	27,030,708	23,000,000

24 EVENTS AFTER BALANCE DATE

On 7th August 2007, 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 \$1,170,000, which represents a fully franked dividend of 4.5 cents per share. The dividend has not been provided for in the 30 June 2007 financial statements.

25 AUDITORS' REMUNERATION

	2007 (\$)	2006 (\$)
Amounts received or due and receivable by Armitage Downie & Co for the audit of the financial report.	37,000	29,500
Other assurance services	12,510	-

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

Wayne Portelli	General Manager Operations
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 2007	Short Term			Post Employment	Long Term	Total
	Salaries & Fees	Fringe Benefits	Cash Bonus	Superannuation	Long Service Leave	
	\$	\$	\$	\$	\$	\$
Directors						
Gary Bertuch	50,000	-	-	4,500	-	54,500
Darren Hotchkin	166,407	12,336	168,873	14,977	(4,617)	357,976
Duncan Smith	30,000	-	-	2,700	-	32,700
Gerard Keeghan	30,000	-	-	2,700	-	32,700
Executives						
Wayne Portelli	98,828	-	9,426	9,743	526	118,523
Bill Cruickshank	75,274	-	9,426	7,623	1,961	94,284
	450,509	12,336	187,725	42,243	(2,130)	690,683

30 June 2006	Short Term			Post Employment	Long Term	Total
	Salaries & Fees	Fringe Benefits	Cash Bonus	Superannuation	Long Service Leave	
	\$	\$	\$	\$	\$	\$
Directors						
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
Executives						
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

(c) Shareholdings of Key Management Personnel

Shares held in Saferoads Holdings Limited

	Balance at 1 July 2006		Acquired after 1 July 2006	Sold	Balance 30 June 2007
Directors					
Gary Bertuch	10,000		10,000	-	20,000
Darren Hotchkin	6,037,500		-	(1,800,000)	4,237,500
Duncan Smith	1,437,500		-	(350,000)	1,087,500
Gerard Keeghan	-		-	-	-
Executives					
Wayne Portelli	1,150,000		-	(350,000)	800,000
Bill Cruickshank	2,500		2,000	-	4,500
Total	8,637,500		12,000	(2,500,000)	6,149,500

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

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 \$69,500 (2006: \$50,560) to the Group during the year.

7 Directors' Declaration



Directors: Left to right - Ged Keeghan, Darren Hotchkin, Gary Bertuch, Duncan Smith

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 2007 and of their performance for the year ended that date; and
 - (ii) 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.

A handwritten signature in black ink that reads "G Bertuch".

G Bertuch
Chairman

Dated this 7th day of August 2007

8 Auditor's Independence Statement



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 2007, 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

Armitage Downie & Co

Justin Brook

**Justin Brook
Partner**

Date: 7 August 2007

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
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INDEPENDENT AUDITOR'S REPORT

To the Members of Saferoads Holdings Limited

We have audited the accompanying financial report of Saferoads Holdings Limited (the company) and Saferoads Holdings Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity, cash flow statement for the year then ended, a summary of significant accounting policies other explanatory notes and the directors declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that complies with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes complies with IFRS.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

We are independent of the company, and have met the independence requirements of Australian Professional Ethical Standards 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

3 Napier Street Warragul Vic 3820
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Telephone 03 5622 7500 Facsimile 03 5623 6948
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Auditor's Opinion

In our opinion:

- (a) the financial report of Saferoads Holdings Limited and Saferoads Holdings Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as of 30 June 2007, and of their financial performance and cash flows for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Armitage Downie T/A

Armitage Downie & Co

St Brook

Justin Brook

Partner

Date: 7 August 2007

Place: Warragul

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 3 August 2007.

As at this date the Company had on issue 26,000,000 ordinary shares held by 1,067 shareholders.

Substantial Shareholders

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

Holders of relevant interest	Number of ordinary shares in which interest was held
D J Hotchkin	4,237,500
Acorn Capital Limited	1,874,000
D F Smith	1,087,500

Twenty Largest Shareholders

Name	Number of shares	% Held
Darren John Hotchkin	3,837,500	14.76
National Nominees Limited	2,143,110	8.24
J P Morgan Nominees Australia Limited	1,235,939	4.75
Cogent Nominees Pty Limited	1,213,113	4.67
Duncan Francis Smith	1,087,500	4.18
Jeffrey Stewart Herdman	863,329	3.32
Wayne Phillip Portelli <FW & J Portelli A/C>	800,000	3.08
Harold Gordon Hotchkin	575,000	2.21
Superannuation and Equity Services	560,000	2.15
Grahger Capital Investment Pty Limited	550,000	2.12
Jennifer Ann Hotchkin	400,000	1.54
Citycorp Nominess Pty Limited	344,000	1.32
UBS Nominess Pty Ltd	320,325	1.23
HSBC Custody Nominees (Australia) Limited	273,000	1.05
Equity Trustees Limited <SGH Micro Cap Trust>	208,000	0.80
Mrs Angela Hercules	200,000	0.77
Koonung Nominees Pty Ltd	175,000	0.67
ANZ Nominees Limited <Cash Income A/C>	173,898	0.67
Kevin Frederick Dale & Myrney Clarice Dale	162,973	0.63
Bond Street Custodians Limited <Officium Ganes Value Growth>	157,872	0.61
	15,280,559	58.78

Distribution of shareholdings

Range	Total Holders	Units
1 – 1,000	98	64,177
1,001 – 5,000	408	1,413,872
5,001 – 10,000	292	2,522,426
10,001 – 100,000	242	5,806,409
100,001 – and over	27	16,193,116
	1060	26,000,000

The number of shareholders holding less than a marketable parcel is 7.

VOTING RIGHTS

All ordinary shares carry one vote per share.

NUMBER OF ORDINARY SHARES SUBJECT TO ESCROW

Of the 26,000,000 ordinary shares, 560,000 were issued to D Williames as part of the purchase consideration of Swift Tech Solutions Pty Ltd and Swift Cartage Pty Ltd. and are held by Superannuation and Equity Services Pty Ltd in escrow for 24 months from 2 October 2006.

<p>Directors</p> <p>Gary Bertuch (Non-Executive Chairman) Darren Hotchkin (Managing Director) Duncan Smith (Non-Executive Director) Gerard (Ged) Keeghan (Non-Executive Director)</p>	<p>Solicitors</p> <p>Maddocks 140 William Street Melbourne VIC 3000</p> <p>Andrew Gray & Associates Old Post Office 102 High St Berwick VIC 3806</p>
<p>Company Secretary</p> <p>Bill Cruickshank</p>	<p>Bankers</p> <p>Commonwealth Bank of Australia Warragul Vic 2820</p>
<p>Registered Office</p> <p>Lot 8 Weerong Rd Drouin VIC 3818</p> <p>Telephone: 03 5625 4981 Facsimile: 03 5625 4986</p>	<p>Auditors</p> <p>Armitage Downie & Co 3 Napier Street Warragul VIC 3820</p>
<p>Share Register</p> <p>Registries Limited 28 Margaret Street Sydney NSW 2000</p> <p>PO Box R67 Royal Exchange NSW 1223</p> <p>Telephone: 02 9290 9600 Facsimile: 02 9279 0664</p>	<p>Accountants</p> <p>Smith McCarthy Wilson Queen Street Warragul VIC 3820</p> <p>ASX Code</p> <p>SRH</p>



WORKZONE



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