



25 October 2011

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge St
SYDNEY NSW 2000

ANNUAL GENERAL MEETING - 2011

Chairman's address

It is my pleasure to present this sixth Chairman's overview for Saferoads Holdings Limited.

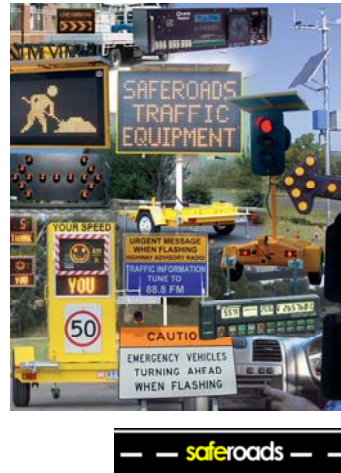
This is the third successive year that the Company has faced a challenging trading environment. The contraction in sales and profit that was experienced during the second half of the FY2010 continued into the first half of this reporting year, and consequently the Company experienced a very disappointing first half-year performance.

Whilst the second half-year saw a significant improvement and was the best half-yearly performance for several years, the overall annual financial performance fell well short of the expectations of directors and senior management.

Road construction activity has continued to be low, not helped at all by the unseasonably wet weather experienced throughout the year on the eastern sea-board. The silver lining of the wet weather is that repairs to damaged road infrastructure has created an increase in demand for the Company's product and services late in the year and continuing into the early months of this new financial year. This is particularly the case in Queensland where growth in the Company's civil operation has been strong.

Saferoads Holdings Limited

- Strong second half
- Growth in Queensland Civil division
- Smooth transition at Board and senior management level
- Conserve cash position



Day to day spending by federal, state and municipal governments continues to provide a stable base underpinning the Company's operation. The Company's propriety products – including the Ironman steel barrier, the "SafePole" light standard, and the T-Lok concrete barrier manufactured under licence continue to contribute strongly to revenue and profit.

Even though road construction activity has declined from previous highs, the market in which the Company operates continues to be sound and of relatively low risk. Major civil contracts tend to be with government departments such as Vic Roads, New South Wales' Road Traffic Authority and Queensland's Department of Main Roads.

The year has seen some significant changes at Board and Senior Management level.

As reported in my introduction, Darren Hotchkin decided to step down from the role of managing director earlier in the year, and to transition into a role as a non-executive director. It was important for the Company to maintain Darren's involvement in Saferoads, given his wealth of experience. After an intensive executive search, we appointed Wayne Kibbis to the role of Chief Executive Officer.

Wayne has more than 25 years' experience in management roles in national and international organisations. Immediately prior to accepting the appointment with Saferoads Wayne was the regional general manager of Komatsu Australia which gave him wide exposure to the road and construction industry.

Wayne has brought a new approach to the business, and has introduced fresh marketing ideas and strong internal disciplines.

Also, until December last year the board did not have a majority of independent directors as recommended by the ASX Corporate Governance Principles. To address this, the Board decided to appoint a new non-executive director with a strong CEO background in an engineering manufacturing environment. After several months of searching, the board appointed David Cleland as Saferoads' fifth director.

David is a mechanical engineer with extensive experience at CEO level in companies manufacturing and distributing industrial products. David brings a wealth of experience to the role.

As often occurs in conjunction with top level management changes there have also been some very positive changes at senior management and middle management levels. The Board is confident that as these changes settle down there will be a fresh focus on sales growth and customer relationships. For example, one of the new appointees has a background in the mining industry to promote the Company's growth within that vast market. Another appointee is from the civil infrastructure area and already we are reaping the benefits of his contacts and experience, with a \$3.3 million contract recently signed.

Once again the Directors have chosen a conservative approach to the payment of dividends, preferring to conserve its cash position until the markets in which Saferoads operate stabilise and return to their historic profit levels.

On behalf of the Board, I would like to thank Darren Hotchkin for his contribution over the past 5 years as Managing Director. His foresight and leadership have been critical to the Company's success. I also thank Wayne, his senior management team together with our dedicated national teams for their commitment to Company's performance over the past demanding twelve months. I also wish to acknowledge the excellent participation and wise counsel of my fellow Directors during the challenging 2010 -11 year.

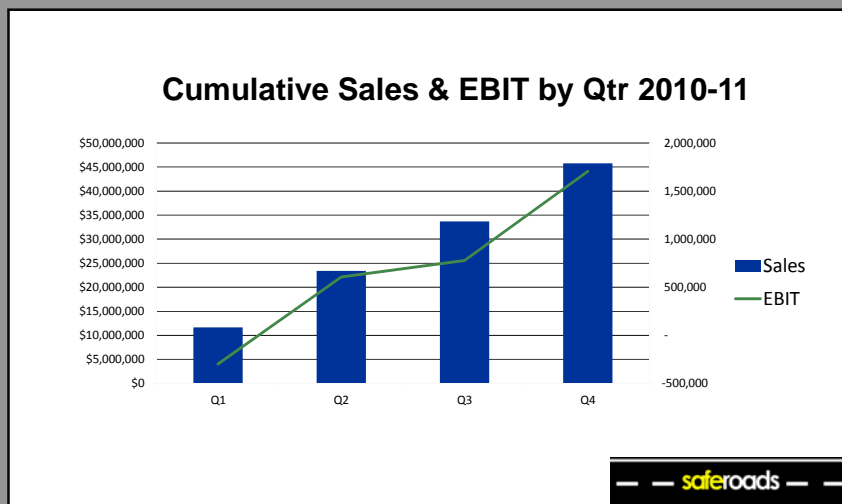
I will now hand over to our Chief Executive Officer Wayne Kibbis who will review the business and its operations, and give an outline of the year ahead.

Chief Executive Officer's address

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

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

Saferoads Holdings Limited



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

Saferoads Holdings Limited

KEY FACTORS IN FINANCIAL PERFORMANCE 10/11

- Extreme weather conditions along East Coast of Australia adversely impacted Sales
- Second Half Management Restructure undertaken to reduce costs
- Improved Sales mix during Second half through targeted sales promotions into Tritons and VMS markets
- Overall volumes down but product margins maintained



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

Whilst the unseasonal conditions continued into the second half of this financial year, the sales mix achieved in the second half tended to have a much higher proportion of higher profit margin products.

In the second half of the financial year the company also embarked on a management restructure that resulted in reduced costs across the business.

Although sales volume for the year was down 6.7%, we achieved pleasing margin increases in guide posts, traffic control, temporary barriers, traffic signals and public lighting.

Saferoads Holdings Limited

CIVIL SERVICES

- **Growing importance**
- **Good Sales growth in QLD due to recent flood damage**
- **National Market Leadership**
- **Has significant “drag-through” effect on other product portfolios**



— — saferoads — —

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

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

The spread of sales on a geographic basis is broadly in line with last year, with sales in South Australia and the Northern Territory 23% above the prior year.

We expect the distribution of sales to change markedly in this financial year with Queensland and Western Australia having an excellent start to the year with major civil projects and product supply contracts already completed in the first quarter of this year. The potential for growth in Queensland and Western Australia, along with major project wins already achieved in Victoria, will ensure the sales growth built in to the budget for the current financial year is achievable.

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

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

Saferoads Holdings Limited

LOOKING AHEAD 2011/12

- Increased Competition in key markets
- Strong growth in Civil Services
- Making progress with Ironman Rental portfolio, entry into NZ Rental market
- Expect to launch two new products:
 - Expanded VMS Product Range
 - New design Concrete Barrier



Looking ahead

The Company remains cautiously optimistic for the 2011-12 year. Based on a realistic outlook we have again put in place a conservative budget which targets a revenue growth of 12.5% and a substantial increase in profitability.

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

Saferoads Holdings Limited

LOOKING AHEAD (cont'd)

- Growth through improved manufacturing and sales performance of acquisitions in Traffic Signals and Lighting
- Development of Strategic relationships
- Growth through the development of a decentralised business model of a Customer Focused Branch network.
- Increased Investment into Research & Development e.g. new galvanised VMS trailer, new design Concrete Barrier, Portable Traffic Lights



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

I would like to take this opportunity to thank the Company's employees for their loyalty and dedication to the business during a period of rapid change within the organisation. I would also like to thank our shareholders for their continued support of Saferoads Holdings Limited. This has been a challenging year for Shareholders and I would like to

assure you that we are working hard to return the Company to a position of providing reliable annual dividends and a restoration of shareholder value.

