



Managing Director's Address at Annual General Meeting

25 November 2008, Melbourne:

Traffic Technologies can look back on the 2008 financial year as one of consolidation. With a national footprint of products and services relating to the buoyant and solid traffic industry, the Company has achieved revenues from continuing operations of \$95.0 million and an EBITDA from continuing operations of \$4.7 million, up 17% from \$81.5 million and a 42% increase on \$3.3 million respectively in the previous year. The Line Marking and Guard Rail Installation businesses were sold during the year.

In November 2007 the Company embarked on a "Profit Improvement Program" in order to reduce costs, improve profitability and increase operating efficiencies.

Following a volatile first half, a new management team has been appointed and goals, milestones and efficiencies have been achieved, positioning and establishing Traffic Technologies as the premium and dominant supplier to the road maintenance and construction industry for the coming years.

Review of Operations

Traffic Products

The Aldridge Traffic Group delivered upon expectations and has remained and continues to be the dominant supplier of LED traffic signals throughout the Australian and New Zealand market. Bolstered by this dominance, the Company has embarked on an export program to various countries and to date is showing promise to further accelerate this exciting program.

The Company recently announced that it has been accepted as being pre-qualified to tender for the stringent technical requirements in supplying "LED" Traffic Signals to Transport for London in England. This provides further evidence of the Company's strengthening capabilities for delivering infrastructure projects on a local and international front.

With the streamlined operations and efficiencies shown by Aldridge Traffic Group, the emergency telephone system, "Clearsonics" has been relocated to take advantage of these efficient manufacturing systems, resulting in further growth in margin and faster lead times to local and offshore markets. To date Clearsonics has proven to be a positive addition to the Group, delivering results above expectations in only its first full year.

The Signage Division has proven to be a disappointment in the 2008 financial year, with costs, systems and efficiencies being the major concerns. A professional management team has shown that, with the correct methodology, system improvements and disciplines in place, margins and profitability can be reinstated. A combination of continued profitability across most states and the scaling back of manufacturing in the States of South Australia and New South Wales has led the turnaround to a positive position for the 2009 year.

Traffic Services

Traffic Management, after a poor start to the year, recovered in the second half of the 2008 financial year due to the benefits of new management, systems and disciplines. High levels of utilisation of staff, motor vehicles and equipment has led the turnaround into a positive outlook and once again has firmly established our Traffic Management Division as the leading provider of traffic control services nationwide.

The Company recently announced that it has signed an initial 12 month contract with Thiess John Holland as one of the preferred suppliers to provide traffic management services and related road side equipment for the Brisbane Airport Link Project.

Due for completion in 2012, the Airport Link is currently the largest road infrastructure project in Australia and securing a position for traffic management services and related equipment hire is a sound endorsement of the Company's capabilities to work on major infrastructure projects.

The Traffic Hire business has performed extremely well with utilisation rates above expectation and, leading on from this positive result, further equipment has been sourced in order to grow this business to the next levels, which include electronic signage, arrow boards, portable signals and further barrier.

Outlook

The government commitment to infrastructure programs for the coming years underpins Traffic Technologies' position as being recognised as the leading provider of products and services to the industry.

With the success of the Technical Products Group in the local market and the continued advances and success shown to date internationally, along with the strong performance of Traffic Hire and the commitment shown by Traffic Management combined with key fundamentals of business bolstered by a professional management team, the Company is well positioned for solid earnings in a demanding and difficult economic climate for the coming years.