

SAFEROADS HOLDINGS LIMITED

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Including

APPENDIX 4D

**RELEASED
29 January 2009**

Contact Details:

Mr Darren Hotchkin
Managing Director
Phone 03 5625 6600

Appendix 4D Half year report

Name of entity	ABN Reference
SAFEROADS HOLDINGS LIMITED	81 116 668 538

1. Reporting periods

Half year ended (‘current period’)	Half year ended (‘previous corresponding period’)
31 December 2008	31 December 2007

2. Results for announcement to the market

	Current period	Previous corresponding period	% Change increase / (decrease)	Amount (\$) increase / (decrease)
	\$	\$		\$
Key information				
Revenues from ordinary activities	32,451,552	28,054,194	16%	4,397,358
Profit from ordinary activities after tax attributable to members	1,080,110	2,950,231	-63%	(1,870,121)
Net profit (loss) for the period attributable to members	1,080,110	2,950,231	-63%	(1,870,121)
Dividends (distributions)			Amount per share	Franked amount per share at 30% tax
Final dividend	Record Date Paid	N/A N/A	N/A	N/A
Interim dividend	Record Date Payable	N/A N/A	0.0 cents	0.0 cents
Supplementary comments				
Commentary in respect of the results is provided in the Directors' Report, which forms part of the half-year report ended 31 December 2008.				

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (\$)	0.35	0.44

4. Dividends

	Date paid/payable	Amount per share	Franked amount per share at 30% tax	Amount per share of foreign source dividend	Amount \$
Final dividend:	N/A	N/A	N/A	N/A	N/A
Interim dividend:	N/A	0.0 cents	0.0 cents	0.0 cents	Nil

5. Dividend reinvestment plans

The dividend reinvestment plan shown below is currently not in operation.

The dividend reinvestment plan (DRP) commenced on listing with the ASX and is available to eligible shareholders.

6. Associates and Joint Ventures

N/A

7. Foreign entities

N/A

SAFEROADS HOLDINGS LIMITED

Directors' Report

Your directors submit their report for the half-year ended 31 December 2008

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Gary Bertuch (Chairman)
Darren Hotchkin (Managing Director)
Duncan Smith
Gerard Keeghan

REVIEW AND RESULTS OF OPERATIONS

The Directors of Saferoads Holdings Limited are pleased to report a first half year consolidated revenue of \$32,451,552 which represents a 16% increase over the corresponding period last year. However, Directors were disappointed with the first half year consolidated NPAT of \$1,080,110 which represents a decrease of 63% compared to the corresponding period last year.

The sales increase was predominantly due to strong organic growth from particular product groups such as crash cushions and barriers, and civil services; plus strong sales contributions from the recent acquisitions, Bob Panach and Guardrail Installations.

Profit margins came under pressure during the first half year due to a combination of factors including the:

- * reduced demand for certain higher profit margin Saferoads products from national hire companies due to freezes in capital expenditure brought along by the worsening global financial climate.
- * rapid devaluation of the Australian dollar, which has escalated the price of many of Saferoads imported and locally sourced components and products.
- * rapid increases in the cost of both imported and locally sourced steel, a key component for many of Saferoads products.

In response to these factors, the Company has increased its sales activities nationally, and increased prices on most product lines. In addition, it has undertaken a significant restructure of its operations to facilitate a reduction in variable and overhead costs in order to align with the environment of a slowing national economy and the subsequent demand for the Company's products.

The Company has also accelerated the development of a range of innovative product lines which will shortly be released to the market and which will contribute to sales and profit in FY 2009. Developments include:

- * a moveable "Ironman" temporary steel barrier system, which has broad applications in workzones with complex traffic routing requirements.
- * "SafePole", an impact light pole which recently received VicRoads approval. This is the only impact light pole in Australia which has been successfully tested at up to 110 km/hr.

The Company is also pleased to announce the re-signing of the International Distributor and Licence agreement with Quixote Corporation of USA, for a further three years.

The Directors believe that the Company's fundamentals remain sound, and they continue to be cautiously optimistic about the Company's performance for the remainder of FY 2009. Revenue growth is expected to continue but margins will remain under pressure.

In view of the current unpredictable nature of the economy and financial markets, Directors believe that conserving the Company's cash is a prudent strategy and hence have decided not to declare an interim dividend.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the attached independence declaration from our auditors, WHK Audit (Vic).

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink that reads "G Bertuch". The signature is written in a cursive style with a large initial "G".

Gary Bertuch

Director
Drouin

28 January 2009

SAFEROADS HOLDINGS LIMITED
Condensed Income Statement
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	CONSOLIDATED	
		December 2008 \$	December 2007 \$
Revenue	2	32,451,552	28,054,194
Cost of sales		(22,263,910)	(18,573,419)
Gross profit		10,187,642	9,480,775
Other income	2	38,621	55,615
Employee benefits		(5,234,079)	(3,146,843)
Amortisation		(2,529)	(2,529)
Depreciation		(376,590)	(216,766)
Finance costs		(477,867)	(23,427)
Other expenses		(2,609,023)	(1,893,229)
Profit from continuing operations before tax and finance costs		1,526,175	4,253,596
Income tax expense		(446,065)	(1,303,365)
Profit after tax from continuing operations		1,080,110	2,950,231
Net profit for the period		1,080,110	2,950,231
Net profit attributable to members of parent		1,080,110	2,950,231
Earnings per share (cents per share)			
- basic for profit for the half-year		4.2	11.3
- diluted for profit for the half-year		4.2	11.3
- dividends paid per share		0.0	5.0

SAFEROADS HOLDINGS LIMITED

Condensed Balance Sheet

AS AT 31 DECEMBER 2008

	Notes	CONSOLIDATED	
		December 2008 \$	June 2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,137,412	792,409
Trade and other receivables		10,445,119	14,511,898
Inventories		10,919,506	10,874,595
Prepayments		321,283	169,728
Total Current Assets		23,823,320	26,348,630
Non-current Assets			
Deferred tax assets		60,609	77,498
Property, plant and equipment		5,243,558	4,905,522
Intangible assets and goodwill		4,987,757	4,885,833
Total Non-current Assets		10,291,924	9,868,853
TOTAL ASSETS		34,115,244	36,217,483
LIABILITIES			
Current Liabilities			
Trade and other payables		6,195,037	12,204,300
Interest-bearing loans and borrowings		6,905,237	3,670,669
Income tax payable		114,736	253,095
Provisions		501,910	452,054
Total Current Liabilities		13,716,920	16,580,118
Non-current Liabilities			
Interest-bearing loans and borrowings		6,140,387	5,212,757
Provisions		94,257	80,433
Total Non-current Liabilities		6,234,644	5,293,190
TOTAL LIABILITIES		19,951,564	21,873,308
NET ASSETS		14,163,680	14,344,175
EQUITY			
Contributed equity	4	4,250,208	4,198,708
Reserves		(12,105)	-
Retained earnings		9,925,577	10,145,467
TOTAL EQUITY		14,163,680	14,344,175

SAFEROADS HOLDINGS LIMITED
Condensed Cash Flow Statement
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	CONSOLIDATED	
		December 2008 \$	December 2007 \$
Cash flows from operating activities			
Receipts from customers		39,595,434	30,829,105
Payments to suppliers and employees		(38,883,214)	(27,430,978)
Income tax paid		(567,535)	(1,300,345)
GST paid		(388,286)	(542,883)
Interest paid		(477,867)	(23,427)
Net cash flows from operating activities		<u>(721,468)</u>	<u>1,531,472</u>
Cash flows from investing activities			
Interest received		25,151	20,405
Proceeds from sale of property, plant and equipment		21,701	81,364
Purchase of property, plant and equipment		(738,126)	(491,935)
Acquisition of business		(104,453)	-
Net cash flows used in investing activities		<u>(795,727)</u>	<u>(390,166)</u>
Cash flows from financing activities			
Proceeds from borrowings		10,051,956	107,488
Repayment of borrowings		(5,889,758)	(166,400)
Equity dividends paid		(1,300,000)	(1,170,000)
Net cash flows from financing activities		<u>2,862,198</u>	<u>(1,228,912)</u>
Net increase/(decrease) in cash and cash equivalents		1,345,003	(87,606)
Cash and cash equivalents at beginning of period		792,409	600,955
Cash and cash equivalents at end of period	7	<u>2,137,412</u>	<u>513,349</u>

SAFEROADS HOLDINGS LIMITED
Condensed Statement of Changes in Equity
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED	Contributed Equity \$	Reserves	Retained Earnings \$	Total Equity \$
At 1 July 2007	4,130,708	-	7,635,231	11,765,939
Profit for the period	-	-	2,950,231	2,950,231
Share based payments expense	34,000	-	-	34,000
Equity dividends	-	-	(1,170,000)	(1,170,000)
At 31 December 2007	<u>4,164,708</u>	<u>-</u>	<u>9,415,462</u>	<u>13,580,170</u>
At 1 July 2008	4,198,708	-	10,145,467	14,344,175
Profit for the period	-	-	1,080,110	1,080,110
Share based payments expense	51,500	-	-	51,500
Foreign Currency Translation Reserve	-	(12,105)	-	(12,105)
Equity dividends	-	-	(1,300,000)	(1,300,000)
At 31 December 2008	<u>4,250,208</u>	<u>(12,105)</u>	<u>9,925,577</u>	<u>14,163,680</u>

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE HALF YEAR-ENDED 31 DECEMBER 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Saferoads Holdings Limited as at 30 June 2008.

It is recommended that the half-year financial report be considered together with any public announcements made by Saferoads Holdings Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(b) Basis of Preparation

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

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(c) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008.

(d) Basis of consolidation

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

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

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

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

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

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

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE HALF YEAR-ENDED 31 DECEMBER 2008

2 REVENUES AND EXPENSES

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

	CONSOLIDATED	
	December 2008	December 2007
	\$	\$
Revenue		
Sale of goods	32,451,552	28,054,194
	<u>32,451,552</u>	<u>28,054,194</u>
Other income		
Interest	25,151	20,405
Other	13,470	35,210
	<u>38,621</u>	<u>55,615</u>

3 DIVIDENDS PAID AND PROPOSED

Equity dividends on ordinary shares:

Dividends paid during the half year:

Final franked dividend for the financial year 30 June 2008 (5.0 cents) (2007 : 4.5 cents)

1,300,000	1,170,000
<u>1,300,000</u>	<u>1,170,000</u>

Dividends proposed and not recognised as a liability:

Interim franked dividend for financial year 30 June 2009 (00 cents) (2008: 5.0 cents)

-	1,300,000
<u>-</u>	<u>1,300,000</u>

4 ISSUED CAPITAL

	December 2008	June 2008
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	4,130,708	4,130,708
Share based payments	119,500	68,000
	<u>4,250,208</u>	<u>4,198,708</u>

5 SEGMENT REPORTING

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

6 CONTINGENT ASSETS AND LIABILITIES

There are no material contingent liabilities or contingent assets.

SAFEROADS HOLDINGS LIMITED
Notes to the Financial Statements
FOR THE HALF YEAR-ENDED 31 DECEMBER 2008

7 ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December:

	CONSOLIDATED	
	December 2008	December 2007
	\$	\$
Cash at bank and in hand	<u>2,137,412</u>	<u>513,349</u>

Directors' Declaration

In accordance with a resolution of the directors of Saferoads Holdings Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) give a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the 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



Gary Bertuch

Director
Drouin

28 January 2009

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saferoads Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Saferoads Holdings Limited and controlled entities, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a summary of significant accounting policies other explanatory notes and the directors declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of 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 Pty Ltd ABN 84 006 466 351

Armitage Downie & Co ABN 27 621 602 883

Horwath refers to Horwath International Association, a Swiss Verein.
Each member of the Association is a separate and independent legal entity.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Saferoads Holdings Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

WHK Audit (Vic)

WHK Audit (Vic)



Justin Brook
Partner
Date: 28 January 2009
Place: Warragul

Auditors Independence Declaration to the Board of Saferoads Holdings Limited

In relation to our review of the financial report of Saferoads Holdings Limited and controlled entities for the half-year ended 31 December 2008, 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.

WHK Audit (Vic)

WHK Audit (Vic)

JB

Justin Brook
Partner

Date: 28 January 2009

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Armitage Downie & Co ABN 27 621 602 883

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Each member of the Association is a separate and independent legal entity.*

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