

**SAFEROADS HOLDINGS LIMITED**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2006**

**RELEASED  
6 FEBRUARY 2007**

**Appendix 4D  
Half year report**

Name of entity	ABN Reference
<b>SAFEROADS HOLDINGS LIMITED</b>	<b>81 116 668 538</b>

**1. Reporting periods**

Half year ended (‘current period’)	Half year ended (‘previous corresponding period’)
<b>31 December 2006</b>	<b>31 December 2005</b>

**2. Results for announcement to the market**

	Current period	Previous corresponding period	% Change increase / (decrease)	Amount (\$) increase / (decrease)
	\$	\$		\$
<b>Key information</b>				
Revenues from ordinary activities	17,116,421	12,345,293	39%	4,771,128
Profit from ordinary activities after tax attributable to members	2,216,684	1,234,856	80%	981,828
Net profit (loss) for the period attributable to members	2,216,684	1,234,856	80%	981,828
<b>Dividends (distributions)</b>			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	21 March 2007 4 April 2007	3.5 cents	3.5 cents
<b>Supplementary comments</b>				
Commentary in respect of the results is provided in the Directors' Report, which forms part of the half-year report ended 31 December 2006.				

### 3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (\$)	0.32	0.17

### 4. Controlled entities

#### Acquired:

Refer to Note 6 of the Financial Statements for the half-year ended 31 December 2006.

Contribution of the acquired business and assets of Swift Tech Solutions Pty Ltd and Swift Cartage Pty Ltd since acquisition date of 2 October 2006 to the consolidated operating profit from ordinary activities after income tax expense.

Current period
\$
94,126

### 5. 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:	4 April 2007	3.5 cents	3.5 cents	0.0 cents	910,000

### 6. 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

### 7. Associates and Joint Ventures

N/A

### 8. Foreign entities

N/A

# SAFEROADS HOLDINGS LIMITED

## Directors' Report

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Your directors submit their report for the half-year ended 31 December 2006.

### 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 have pleasure in reporting a half year consolidated net profit after tax of \$2,216,684.

The consolidated net profit after tax compares with the previous corresponding half year period 1 July to 31 December 2005 consolidated net profit after tax of \$1,234,856.

First half year sales of \$17,116,421 to 31 December 2006 is ahead of the first half year sales forecast of \$15,272,857, and is \$4,771,128 above the half year to 31 December 2005.

The increase in net profit after tax is a result of increased sales, and of the sales product mix over the half year ended 31 December 2006

A significant portion of the surplus sales for the half year compared to forecast is a consequence of some customers placing in the first half of the financial year orders which were originally forecast to occur in the second half of the financial year.

The Directors have declared an interim dividend of 3.5 cents per share, fully franked, payable on 4 April 2007.

The Directors are confident that annual forecasts for the 2007 financial year will be achieved.

### AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the attached independence declaration from our auditors, Armitage Downie & Co.

Signed in accordance with a resolution of the directors.



Director  
Drouin

6 February 2007

**Auditors Independence Declaration to the Board of Saferoads Holdings Limited**

In relation to our review of the financial report of Saferoads Holdings Limited for the half-year ended 31 December 2006, 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 Co*

**ARMITAGE DOWNIE & CO**

*JB*

**JUSTIN BROOK  
PARTNER**

Date: 6 February 2007

**SAFEROADS HOLDINGS LIMITED**  
**Condensed Income Statement**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Notes	CONSOLIDATED	
		December 2006 \$	December 2005 \$
<b>Revenue</b>	2	17,116,421	12,345,293
Cost of sales		(10,492,413)	(8,732,621)
<b>Gross profit</b>		<u>6,624,008</u>	<u>3,612,672</u>
Other income		38,554	11,556
Employee benefits		(1,935,505)	(1,100,572)
Amortisation		(2,529)	(2,530)
Depreciation		(131,617)	(94,609)
Borrowing costs		(12,806)	(7,164)
Other expenses		(1,407,939)	(659,021)
<b>Profit from continuing operations before tax and finance costs</b>		<u>3,172,166</u>	<u>1,760,332</u>
Income tax expense		(955,482)	(525,476)
<b>Profit after tax from continuing operations</b>		<u>2,216,684</u>	<u>1,234,856</u>
<b>Net profit for the period</b>		<u>2,216,684</u>	<u>1,234,856</u>
<b>Net profit attributable to members of parent</b>		<u>2,216,684</u>	<u>1,234,856</u>
Earnings per share (cents per share)			
- basic for profit for the half-year		9.0	5.4
- diluted for profit for the half-year		9.0	5.4
- dividends paid per share		3.5	2.5

**SAFEROADS HOLDINGS LIMITED**  
**Condensed Balance Sheet**  
AS AT 31 DECEMBER 2006

	Notes	CONSOLIDATED	
		December 2006 \$	June 2006 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,248,955	15,121
Trade and other receivables		5,329,424	4,432,788
Inventories		3,733,058	2,134,709
Prepayments		165,991	74,350
<b>Total Current Assets</b>		<b>10,477,428</b>	<b>6,656,968</b>
<b>Non-current Assets</b>			
Deferred income tax asset		87,143	68,617
Property, plant and equipment		2,111,615	1,500,288
Intangible assets		2,118,468	55,335
<b>Total Non-current Assets</b>		<b>4,317,226</b>	<b>1,624,240</b>
<b>TOTAL ASSETS</b>		<b>14,794,654</b>	<b>8,281,208</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		3,093,689	2,481,706
Interest-bearing loans and borrowings		204,364	103,252
Income tax payable		589,906	430,289
Provisions		203,357	171,031
<b>Total Current Liabilities</b>		<b>4,091,316</b>	<b>3,186,278</b>
<b>Non-current Liabilities</b>			
Interest-bearing loans and borrowings		213,051	80,327
Provisions		51,701	26,639
<b>Total Non-current Liabilities</b>		<b>264,752</b>	<b>106,966</b>
<b>TOTAL LIABILITIES</b>		<b>4,356,068</b>	<b>3,293,244</b>
<b>NET ASSETS</b>		<b>10,438,586</b>	<b>4,987,964</b>
<b>EQUITY</b>			
Issued capital	4	4,138,938	100,000
Retained earnings		6,299,648	4,887,964
<b>TOTAL EQUITY</b>		<b>10,438,586</b>	<b>4,987,964</b>

**SAFEROADS HOLDINGS LIMITED**  
**Condensed Cash Flow Statement**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Notes	CONSOLIDATED	
		December 2006 \$	December 2005 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		19,074,443	16,771,634
Payments to suppliers and employees		(16,092,874)	(14,113,425)
Income tax paid		(794,088)	(655,843)
GST paid		(412,638)	(162,132)
Other		(12,806)	(4,242)
<b>Net cash flows from operating activities</b>		<u>1,762,037</u>	<u>1,835,992</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		96,000	55,455
Purchase of property, plant and equipment		(647,444)	(254,668)
Acquisition of business		(2,610,133)	-
<b>Net cash flows used in investing activities</b>		<u>(3,161,577)</u>	<u>(199,213)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		3,416,000	-
Payment for share issue costs		(211,462)	-
Proceeds from borrowings		326,157	109,953
Repayment of borrowings		(92,321)	(111,644)
Equity dividends paid		(805,000)	(1,200,000)
<b>Net cash flows from financing activities</b>		<u>2,633,374</u>	<u>(1,201,691)</u>
Net increase/(decrease) in cash and cash equivalents		1,233,834	435,088
Cash and cash equivalents at beginning of period		15,121	384,545
<b>Cash and cash equivalents at end of period</b>	9	<u>1,248,955</u>	<u>819,633</u>

**SAFEROADS HOLDINGS LIMITED**  
**Condensed Statement of Changes in Equity**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

CONSOLIDATED	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>At 1 July 2005</b>	100,000	3,781,203	3,881,203
Profit for the period	-	1,234,856	1,234,856
Issue of share capital	-	-	-
Equity dividends	-	(1,200,000)	(1,200,000)
<b>At 31 December 2005</b>	<b>100,000</b>	<b>3,816,059</b>	<b>3,916,059</b>
<b>At 1 July 2006</b>	100,000	4,887,964	4,987,964
Profit for the period	-	2,216,684	2,216,684
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	(211,462)	-	(211,462)
Equity dividends	-	(805,000)	(805,000)
<b>At 31 December 2006</b>	<b>4,138,938</b>	<b>6,299,648</b>	<b>10,438,586</b>

**SAFEROADS HOLDINGS LIMITED**  
**Notes to the Financial Statements**  
**FOR THE HALF YEAR-ENDED 31 DECEMBER 2006**

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**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 2006.

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 2006 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 2006.

**(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 2006**

**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:

	<b>CONSOLIDATED</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Sale of goods	17,116,421	12,345,293
	<u>17,116,421</u>	<u>12,345,293</u>
<b>Other income</b>		
Interest	32,707	2,923
Other	5,847	8,633
	<u>38,554</u>	<u>11,556</u>

**3 DIVIDENDS PAID AND PROPOSED**

**Equity dividends on ordinary shares:**

Dividends paid during the half year:

Prior to listing on the ASX

- 1,200,000

Final franked dividend for the financial year 30 June 2006 (3.5

805,000 -

805,000 1,200,000

Dividends proposed and not recognised as a liability:

Interim franked dividend for financial year 30 June 2007 (3.5 cents)

910,000 575,000

**4 ISSUED CAPITAL**

*Ordinary shares*

Issued and fully paid

4,138,938 100,000

*Movements in ordinary shares on issue (legal parent)*

At 1 July 2005

Shares Shares  
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 6)

560,000 -

26,000,000 23,000,000

Saferoads Holdings Limited is subject to reporting under AIFRS as the legal parent. Saferoads Holdings Limited was incorporated on 14 October 2005 and acquired all of the share capital of Saferoads Pty Ltd on 31 October 2005 through an equity issue of 23,000,000 shares.

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 on the issued capital of the Group is that the ordinary share capital of the Group is less than the legal parent. For the purpose of calculating earnings and dividends per share, it is the ordinary shares of the legal parent that is used, being the 26,000,000 shares on issue (2005: 23,000,000 shares on issue).

**5 SEGMENT REPORTING**

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

**SAFEROADS HOLDINGS LIMITED**  
**Notes to the Financial Statements**  
**FOR THE HALF YEAR-ENDED 31 DECEMBER 2006**

**6 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 \$94,126 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 \$2,367,558 and the revenue from continuing operations would have been \$17,427,570.

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

	Recognised on Acquisition	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	-
	<u>1,942,682</u>	<u>1,730,879</u>
Trade payables	(496,134)	(496,134)
Provision for employee entitlements	(67,677)	-
	<u>(563,811)</u>	<u>(496,134)</u>
Fair value of net assets	1,378,871	1,234,745
Goodwill arising on acquisition	2,065,662	
	<u>3,444,533</u>	
Consideration:		
Shares issued, at fair value	834,400	
Cash consideration	2,585,061	
Costs associated with the acquisition	25,072	
	<u>3,444,533</u>	

**7 CONTINGENT ASSETS AND LIABILITIES**

There are no material contingent liabilities or contingent assets.

**8 EVENTS AFTER THE BALANCE SHEET DATE**

On 6 February 2007, the directors of Saferoads Holdings Limited declared an interim dividend on ordinary shares in respect of the December half-year. The total amount of the dividend is \$910,000, which represents a fully franked dividend of 3.5 cents per share. The dividend has not been provided for in the 31 December 2006 financial statements.

**9 ADDITIONAL INFORMATION**

**Reconciliation of Cash**

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

	<b>CONSOLIDATED</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	<u>1,248,955</u>	<u>819,633</u>

## Directors' Declaration

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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 2006 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

6 February 2007

## INDEPENDENT REVIEW REPORT

### TO THE MEMBERS OF SAFEROADS HOLDINGS LIMITED

#### Scope

##### The financial report and directors' responsibility

The financial report comprises the Condensed Income Statement, Condensed Balance Sheet, Condensed Cash Flow Statement, Condensed Statement of Changes in Equity and Notes to the Financial Statements for the consolidated entity comprising Saferoads Holdings Limited (the company) and the entities it controlled during the period, and the Directors' Declaration for the company, for the half-year ended 31 December 2006.

The directors of the company are responsible for the preparing the financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes the responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data. These procedures do not provide all evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

#### Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements 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.

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#### *Total Financial Solutions*

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## Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Saferoads Holdings Limited and the entities it controlled during the half-year is not in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2006 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

*Armitage Downie & Co*

ARMITAGE DOWNIE & CO

*JB*

JUSTIN BROOK  
PARTNER

Date: 6 February 20067  
Place: Warragul

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