SAFEROADS HOLDINGS LIMITED

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2007

RELEASED
30 January 2008

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 2007	31 December 2006

2. Results for announcement to the market

Key information	Current period $	Previous corresponding period $	% Change increase / (decrease)	Amount ($) increase / (decrease) $
Revenues from ordinary activities	28,054,194	17,116,421	64%	10,937,773
Profit from ordinary activities after tax attributable to members	2,950,231	2,216,684	33%	733,547
Net profit (loss) for the period attributable to members	2,950,231	2,216,684	33%	733,547

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	4 April 2008 18 April 2008	5.0 cents	5.0 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 2007.

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share ($)	0.44	0.32

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:	18 April 2008	5.0 cents	5.0 cents	0.0 cents	1,300,000

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 2007

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 NPAT of $2,950,231 which represents a 33% increase over the corresponding period last year.

First half year sales of $28,054,194 compares favourably with sales of $17,116,421 in the corresponding period last year.

Growth has been experienced in all divisions with the majority of growth being in the Tender and Traffic Control product divisions.

The Directors have declared an interim dividend of 5.0 cents per share, fully franked, payable on 18 April 2008.

The Directors are confident that annual forecasts for the 2008 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.

G G Bertuch

Gary Bertuch

Director
Drouin

30 January 2008

SAFEROADS HOLDINGS LIMITED
Condensed Income Statement
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	CONSOLIDATED December 2007 $	December 2006 $
Revenue	2	28,054,194	17,116,421
Cost of sales		(18,573,419)	(10,492,413)
Gross profit		9,480,775	6,624,008
Other income	2	55,615	38,554
Employee benefits		(3,146,843)	(1,935,505)
Amortisation		(2,529)	(2,529)
Depreciation		(216,766)	(131,617)
Finance costs		(23,427)	(12,806)
Other expenses		(1,893,229)	(1,407,939)
Profit from continuing operations before tax and finance costs		4,253,596	3,172,166
Income tax expense		(1,303,365)	(955,482)
Profit after tax from continuing operations		2,950,231	2,216,684
Net profit for the period		2,950,231	2,216,684
Net profit attributable to members of parent		2,950,231	2,216,684
Earnings per share (cents per share)			
- basic for profit for the half-year		11.3	9.0
- diluted for profit for the half-year		11.3	9.0
- dividends paid per share		5.0	3.5

SAFEROADS HOLDINGS LIMITED
Condensed Balance Sheet
AS AT 31 DECEMBER 2007

	Notes	CONSOLIDATED December 2007 $	June 2007 $
ASSETS			
Current Assets			
Cash and cash equivalents		513,349	600,955
Trade and other receivables		9,418,114	9,406,398
Inventories		6,358,237	4,824,804
Prepayments		650,561	145,658
Total Current Assets		16,940,261	14,977,815
Non-current Assets			
Deferred tax assets		105,976	111,344
Property, plant and equipment		2,624,804	2,448,501
Intangible assets and goodwill		2,113,409	2,115,938
Total Non-current Assets		4,844,189	4,675,783
TOTAL ASSETS		21,784,450	19,653,598
LIABILITIES			
Current Liabilities			
Trade and other payables		6,866,823	6,471,931
Interest-bearing loans and borrowings		265,548	269,589
Income tax payable		525,840	528,188
Provisions		255,766	270,453
Total Current Liabilities		7,913,977	7,540,161
Non-current Liabilities			
Interest-bearing loans and borrowings		233,273	288,144
Provisions		57,030	59,354
Total Non-current Liabilities		290,303	347,498
TOTAL LIABILITIES		8,204,280	7,887,659
NET ASSETS		13,580,170	11,765,939
EQUITY			
Contributed equity	4	4,164,708	4,130,708
Retained earnings		9,415,462	7,635,231
TOTAL EQUITY		13,580,170	11,765,939

SAFEROADS HOLDINGS LIMITED
Condensed Cash Flow Statement
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	CONSOLIDATED	
		December 2007 $	December 2006 $
Cash flows from operating activities			
Receipts from customers		30,829,105	19,074,443
Payments to suppliers and employees		(27,430,978)	(16,092,874)
Income tax paid		(1,300,345)	(794,088)
GST paid		(542,883)	(412,638)
Interest paid		(23,427)	(12,806)
Net cash flows from operating activities		1,531,472	1,762,037
Cash flows from investing activities			
Interest received		20,405	-
Proceeds from sale of property, plant and equipment		81,364	96,000
Purchase of property, plant and equipment		(491,935)	(647,444)
Acquisition of business		-	(2,610,133)
Net cash flows used in investing activities		(390,166)	(3,161,577)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,416,000
Payment for share issue costs		-	(211,462)
Proceeds from borrowings		107,488	326,157
Repayment of borrowings		(166,400)	(92,321)
Equity dividends paid		(1,170,000)	(805,000)
Net cash flows from financing activities		(1,228,912)	2,633,374
Net increase/(decrease) in cash and cash equivalents		(87,606)	1,233,834
Cash and cash equivalents at beginning of period		600,955	15,121
Cash and cash equivalents at end of period	8	513,349	1,248,955

SAFEROADS HOLDINGS LIMITED
Condensed Statement of Changes in Equity
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED	Contributed Equity $	Retained Earnings $	Total Equity $
At 1 July 2006	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	(219,692)	-	(219,692)
Equity dividends	-	(805,000)	(805,000)
At 31 December 2006	4,130,708	6,299,648	10,430,356
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	4,164,708	9,415,462	13,580,170

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 2007.

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 2007 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 2007.

(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.

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 2007 $	**December 2006 $**
Revenue		
Sale of goods	28,054,194	17,116,421
	28,054,194	17,116,421
Other income		
Interest	20,405	32,707
Other	35,210	5,847
	55,615	38,554

3 DIVIDENDS PAID AND PROPOSED

	December 2007 $	December 2006 $
Equity dividends on ordinary shares:		
Dividends paid during the half year:		
Final franked dividend for the financial year 30 June 2007 (4.5 cents) (2006 : 3.5 cents)	1,170,000	805,000
	1,170,000	805,000
Dividends proposed and not recognised as a liability:		
Interim franked divided for financial year 30 June 2008 (5.0 cents) (2007: 3.5 cents)	1,300,000	910,000

4 ISSUED CAPITAL

	December 2007 $	**June 2006 $**
Ordinary shares		
Issued and fully paid	4,164,708	4,130,708
Share based payments	34,000	-
	4,198,708	4,130,708

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.

7 EVENTS AFTER THE BALANCE SHEET DATE

On 30 January 2008, 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 $1,300,000, which represents a fully franked dividend of 5.0 cents per share. The dividend has not been provided for in the 31 December 2007 financial statements.

8 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 2007 $	December 2006 $
Cash at bank and in hand	513,349	1,248,955

WHK Armitage Downie

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, which comprises the condensed balance sheet as at 31 December 2007, 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 designing, implementing and maintaining internal control 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 company's financial position as at 31 December 2007 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

Member Horwath International

WHK Horwath 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.

Offices at: Bairnsdale, Braeside, Dandenong, Lilydale, Pakenham, Sale, Traralgon, Warragul

3 Napier Street Warragul Vic 3820
PO Box 346 Warragul Vic 3820 DX 82007
Telephone 03 5622 7500 Facsimile 03 5623 6948
Email armitage@whkarmitagedownie.com.au
www.whkarmitagedownie.com.au

WHK Armitage Downie

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 is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2007 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.

Armitage Downie TLW

Armitage Downie & Co

JM

Justin Brook
Partner
Date: 30 January 2008
Place: Warragul

WHK Armitage Downie

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 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 & Co

Armitage Downie & Co

JRL

Justin Brook
Partner

Date: 30 January 2008

Total Financial Solutions
WHK Horwath 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.

Offices at: Bairnsdale, Braeside, Dandenong, Lilydale, Pakenham, Sale, Traralgon, Warragul

Member Horwath International
3 Napier Street Warragul Vic 3820
PO Box 346 Warragul Vic 3820 DX 82007
Telephone 03 5622 7500 Facsimile 03 5623 6948
Email armitage@whkarmitagedownie.com.au
www.whkarmitagedownie.com.au