

SAFEROADS HOLDINGS LIMITED

ABN 81 116 668 538



Share Entitlement Offer Document

For a pro-rata non-renounceable entitlement issue of 2 New Shares for every 5 Existing Shares held by those Shareholders registered at the Record Date at an issue price of \$0.12 per Share to raise up to \$1,248,000 together with a Shortfall Facility for Eligible Shareholders to take up entitlements not taken up by other Eligible Shareholders.

This Offer closes at 5:00pm (Sydney (AEDT) time) on Tuesday, 9 December 2014
Valid acceptances must be received before that time.

SAFEROADS HOLDINGS LIMITED
ABN 81 116 668 538
PO Box 340
Drouin, VIC, AUSTRALIA, 3818
Telephone: + 61 3 5625 6600
Facsimile: +61 3 5625 4986
Website: <http://www.saferoads.com.au>

Share Entitlement Offer Document

1 Important Notice

It is important that you carefully read this Offer Document in its entirety before deciding to invest further in the Company and, in particular, that you consider the risk factors that could affect the financial performance of the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stock broker, lawyer or other professional adviser before deciding whether to invest.

This Offer Document is not a prospectus. It does not contain all the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or in respect of the Entitlement and liabilities attaching to, the New Shares.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer that is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied upon as having been authorised by the Company in connection with the Entitlement Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under the Entitlement Offer, except as required by law and then, only to the extent so required.

In making representations in this Offer Document, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Restrictions on distribution of this Offer Document

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside of Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document and the accompanying form should seek advice and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Entitlement Offer is not extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia and New Zealand, unless a formal offer has been made to those Shareholders, in accordance with the legislation and regulations within such jurisdiction.

Defined terms and abbreviations

Terms and abbreviations used in this Offer Document are defined in the Glossary (see section 8).

Application for New Shares

If you wish to apply for New Shares, you must complete and return the personalised Entitlement and Acceptance Form which accompanies this Offer Document along with a cheque or alternatively, make payment via BPAY® by the Closing Date. If you have not received a personalised Entitlement and Acceptance Form, please contact Boardroom Pty Limited on 1300 737 760 (local call cost within Australia) or +61 2 9290 9600 (outside of Australia) or enquiries@boardroomlimited.com.au or Share Registry, Boardroom Pty Limited, GPO 3993 Sydney NSW 2001.

Privacy Statement

By filling out the Entitlement and Acceptance Form, you are providing personal information to the Company and the Share Registry, which collect that information for the purpose of processing your Entitlement and Acceptance Form, and, if your application is successful, to administer your shareholding in the Company, including facilitating dividend payments and corporate communications and carrying out appropriate administration.

By submitting an Entitlement and Acceptance Form, you agree that the Company may collect, hold and use the personal information you provide for the purposes set out in this Privacy Statement, and may disclose it for those purposes to the Company's related bodies corporate, agents and service providers (including printers and mailing houses for the purposes of printing and distributing statements and professional advisers such as legal and accounting firms and auditors), bidders for your securities in the context of takeovers, authorised securities brokers and to the ASX, the Australian Taxation Office and other regulatory authorities. You also agree that the Company and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

The Corporations Act requires the Company to include information about its Shareholders (including name, address, and details of the securities held) in its public register of Shareholders. The information contained in the Company's public registers must remain there even if that person ceases to be a Shareholder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports, and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. The collection and handling of Shareholder personal information is also governed by certain rules such as the ASTC Settlement Rules.

If you do not provide the personal information requested on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application for New Shares.

The personal information of Eligible Shareholders is not likely to be disclosed to overseas recipients.

The Company's Privacy Policy, which is available at www.saferoads.com.au, provides further details. The Company's Privacy Policy also provides further information about:

- how you may access and correct the personal information the Company holds about you; and
- how you may complain about a breach of privacy and how the Company deals with privacy complaints.

2 Timetable and Important Dates*

Announcement of Entitlement Offer and ASX Appendix 3B, section 708AA(2)(f) notice with ASX and Offer Document lodged with ASX	Wednesday, 12 November 2014
Notice sent to Eligible Shareholders	Thursday, 13 November 2014
Shares quoted on an “ex-Entitlement” basis**	Friday, 14 November 2014
Record date for determining entitlements of Eligible Shareholders under the Entitlement Offer	Tuesday, 18 November 2014
Entitlement Offer letter and Entitlement and Acceptance Forms dispatched to Shareholders	Thursday, 20 November 2014
Opening date	Thursday, 20 November 2014
Closing Date for acceptances under the Entitlement Offer	Tuesday, 9 December 2014
Expected commencement of trading on a deferred settlement basis of New Shares on ASX	Wednesday, 10 December 2014
ASX notified of under subscriptions	Monday, 15 December 2014
New Shares are issued, Shareholder holding statements dispatched and deferred settlement trading ends	Tuesday, 16 December 2014
Normal trading of New Shares commences	Wednesday, 17 December 2014

* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases. You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of the issue of the New Shares. Neither the Entitlement Offer nor the Shortfall Offer requires the approval of Shareholders.

** Shares in the Company commence trading without the right to participate in the Entitlement Offer.

3 Letter from the Board of Directors

Dear Shareholder,

The Board is pleased to offer Shareholders the opportunity to participate in the Company's two (2) for five (5) pro-rata non-renounceable entitlement issue to raise up to \$ 1,248,000 (before expenses) (**Entitlement Offer**). The Offer is partially underwritten by Directors to a maximum value of \$200,000 and there is a facility for Shareholders to apply for shares not taken up by other Shareholders.

All Shareholders registered as at 7.00 pm (AEDT) on Tuesday, 18 November 2014 and who have a registered address in Australia or New Zealand will be entitled to participate in the Entitlement Offer. The price payable on application for each New Share is \$ 0.12.

This Offer Document contains detailed information about the Offer, the financial and operating performance of the Company and the key risks associated with an investment in the Company's Shares. You should read this document carefully before making an investment decision.

The purpose of this Entitlement Offer is to reduce bank debt. The Directors believe it is in the best interests of shareholders to achieve this reduction by means of this Entitlement Offer to provide a much more appropriate debt equity ratio, greater flexibility with our business financing options and a substantial reduction in borrowing costs.

The Company has a successful history of developing innovative road safety products and has now repositioned itself to focus on its strong portfolio of established innovative products together with the development of new innovative products. This will have the dual benefits of improved stakeholder value and reduced human road trauma.

Additionally, the Company has produced a positive underlying EBIT for the past two calendar quarters, reflecting the benefits from the past year's restructuring activities to right-size the business, dispose of non-core elements in a controlled manner and focus on rebuilding the business. This was a vital component in our commitment to delivering acceptable returns to shareholders, whilst also looking for new innovative product opportunities to bring to the market.

Looking ahead, the Company has commenced commercialisation of the Ironman Hybrid steel and concrete temporary safety barrier system as part of its temporary barrier rental portfolio. The Company continues to seek interested parties for a larger commercial transaction in the sale of this new product.

The Company has also recently signed distributor agreements with two overseas parties to distribute some of our patented products in their substantial markets and to launch their patented products here in Australia.

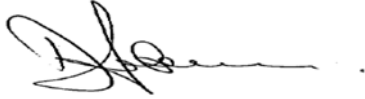
The risks of an investment in the Company are set out in Section 7 of this Offer Document Statement, and you should pay particular attention to that Section of the Offer Document.

The Closing Date for acceptances of the Entitlement Offer is 5.00 pm (AEDT) on Tuesday, 9 December 2014.

We urge you to carefully consider this Offer Document and, if you are satisfied with our plans, to consider fully supporting the Offer by taking up all of your entitlements.

For all enquiries regarding the Offer, your holding of Shares, change of address or other registry matters, please contact the Company's Share Registry on 1300 737 760.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'David Ashmore', written over a thin horizontal line.

David Ashmore
Chairman

4 Details of the Entitlement Offer and Shortfall Offer

Before making a decision to invest in or subscribe for New Shares, Eligible Shareholders should read this Offer Document in full, with particular regard to the risk factors set out in Section 7 and their own investment parameters and, as necessary, seek independent professional advice from appropriate advisors.

4.1 Entitlement Offer

The Company offers for subscription a pro-rata non-renounceable entitlement issue to Eligible Shareholders of two (2) New Shares for every five (5) Existing Shares held on the Record Date at an issue price of \$0.12 per New Share.

Fractional Entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company, the maximum number of New Shares to be issued pursuant to the Entitlement Offer is 10,400,000. The Entitlement Offer will raise up to \$1,248,000. The purpose of the Entitlement Offer and the use of funds raised are set out in section 6 of this Offer Document.

The Entitlement Offer is non-renounceable, which means that Entitlements are unable to be traded. Eligible Shareholders should either take up their Entitlement in whole or in part, otherwise their Entitlement will lapse and other Eligible Shareholders may subscribe to those shares (Refer 4.2 below).

The Entitlement Offer is not conditional and there is no minimum subscription.

The Entitlement Offer is partially underwritten by Directors to a maximum value of \$200,000.

4.2 Applying for more than your entitlement

In addition to being able to apply for your entitlement of New Shares as described above, Eligible Shareholders who subscribe for their full entitlement will also have the opportunity to apply for New Shares that are not subscribed for under the Entitlement Offer (**Shortfall Shares**).

The Application Form will allow you to apply for Shortfall Shares in addition to your entitlement (**Shortfall Facility**).

The Company has discretion under the Shortfall Facility to issue all, none or part of any Shortfall Shares you may apply for. If your application for Shortfall Shares is accepted by the Company, those Shortfall Shares will be issued at the same time as New Shares applied for under your entitlement.

Subscription moneys for any New Shares and any Shortfall Shares you apply for but which are not issued (e.g., if the Offer is withdrawn or if the application payment is in excess) to you will be refunded without interest. As the Company will only issue up to the aggregate number of New Shares that are offered under the Offer (i.e. 10,400,000 New Shares), it may be necessary to scale back applications for Shortfall Shares if the total number of New Shares applied for (including Shortfall Shares) exceeds that number.

4.3 Overseas shareholders

The Entitlement Offer does not, and is not intended to, constitute an offer of New Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand, unless a formal offer has been made to those Shareholders, in accordance with the legislation and regulations within such jurisdiction

Shareholders resident in New Zealand should consult their professional advisors as to whether any governmental or other consent is required, or whether other formalities need to be observed, to enable them to exercise their Entitlements under the Entitlement Offer.

4.4 Director's participation in the Offer

Each Director of the Company who holds Shares and is an Eligible Shareholder intends to fully participate in the Offer.

4.5 Directors' Partial Underwriting Agreement

The Directors have agreed to partially underwrite the New Shares offered under the Offer up to a maximum of \$200,000. For the avoidance of doubt, this is in addition to the Entitlements Directors will receive as a result of their shareholding in the Company. The Directors have indicated they intend to fully participate in the Offer.

The terms of the Directors' Partial Underwriting Agreement are unconditional and irrevocable. However, if the Offer does not proceed, the partial-underwriting arrangements terminate immediately.

If there are any Shortfall Shares the Directors will determine the obligations of each of the partial-underwriters in accordance with their agreements.

The maximum percentage of issued capital that could be owned by Directors following completion of the Entitlement Offer and the issue of 10,400,000 New Shares is set out in the table below:

	David Ashmore	Darren Hotchkin	David Cleland
Maximum percentage of Shares following the Offer¹	4.67%	20.55%	1.61%

¹ Assuming the Directors and their nominees take up their full Entitlements under the Offer and Messrs Ashmore, Hotchkin and Cleland are allocated the maximum number of Shares under the Directors' partial underwriting commitments.

4.6 Quotation of New Shares by ASX

Application for official quotation by ASX of the New Shares will be made within 7 days after the date of this Offer Document. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

4.7 Allotment of New Shares

New Shares issued pursuant to the Entitlement Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the New Shares on the basis of a Shareholder's Entitlement and Acceptance Form.

Pending the allotment and issue of the New Shares, or the payment of any refunds, all application money will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.8 Entitlement and liabilities attaching to New Shares

All New Shares issued pursuant to the Entitlement Offer will, from the time they are issued, be fully paid and rank *pari passu* with all the Company's Existing Shares.

Full details of the Entitlement and liabilities attaching to New Shares are set out in the Company's Constitution, a copy of which is available for inspection on the Company's website and at the Company's registered office during normal business hours.

4.9 Taxation implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of applying for New Shares under the Entitlement Offer, as it is not possible to provide a comprehensive summary of the possible taxation consequences for individual Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences of investing in the Entitlement Offer. Shareholders should consult their own professional tax adviser in connection with the taxation implications of acquiring New Shares under the Entitlement Offer.

4.10 Withdrawal of Entitlement Offer

The Company reserves the right not to proceed with the Entitlement Offer at any time before the issue of New Shares to Eligible Shareholders. If the Entitlement Offer does not proceed, the Company will return all application money, without interest, as soon as practicable after giving notice of its withdrawal.

4.11 Regular reporting and disclosure

The Company is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions)

to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities. All announcements made by the Company are available from ASX or its website *www.asx.com.au*.

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit review or report. These reports are released to ASX and published on the ASX website.

4.12 Enquiries

Shareholders with queries in relation to the Entitlement Offer may contact the Share Registry on 1300 737 760.

5 Action Required by Shareholders

5.1 How to accept the Entitlement Offer

Your acceptance of the Entitlement Offer may be made on the Entitlement and Acceptance Form accompanying this Offer Document.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
 - (ii) make payment via BPAY® as per the instructions for BPAY® set out in the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application money (at \$0.12 per New Share); or
 - (ii) make payment via BPAY® as per the instructions for BPAY® set out in the Entitlement and Acceptance Form; or
- (c) if you wish to apply for Shortfall Shares:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and the number of Shortfall Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application money (at \$0.12 per New Share); or
 - (ii) make payment via BPAY® as per the instructions for BPAY® set out in the Entitlement and Acceptance Form; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All payments made by cheque must be drawn on an Australian Bank or bank draft made payable in Australian currency to “Saferoads Holdings Limited – Trust Account” and crossed “Not Negotiable”.

For payments made by cheque, your completed Entitlement and Acceptance Form, together with your cheque, must be forwarded to the Share Registry:

Saferoads Holdings Limited
c/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Those who elect to pay via BPAY® must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form. Investors who elect to pay via BPAY® do not need to return the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms and cheques must be received by the Share Registry no later than 5.00 pm (AEDT) on the Closing Date. Please note that payment via BPAY® must be made by no later than 4.00 pm (AEDT) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form.

5.2 Entitlement and Acceptance Forms are binding

A completed and lodged Entitlement and Acceptance Form, together with the application moneys for the number of New Shares applied for, cannot be withdrawn and constitutes a binding application for the number of New Shares specified in the Entitlement and Acceptance Form on the terms set out in this Offer Document. The Entitlement and Acceptance Form does not need to be signed to be binding.

If the Entitlement and Acceptance Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Entitlement and Acceptance Form or how to construe, amend or complete it is final.

6 Purpose and Effect of the Entitlement Offer

6.1 Purpose of the Offer

Saferoads specialises in providing innovative road safety solutions.

Headquartered in Drouin, Victoria, and with representation across Australia and New Zealand, the company services State Government departments, local councils and road construction and equipment hire companies with a broad range of products and services designed to direct, protect, inform and illuminate all road users.

Products and services the company provides includes flexible guide posts and signage; rubber-based traffic calming products including separation kerbing and wheel stops; variable messaging sign boards and the maintenance thereof; decorative and standard street light poles; and permanent and temporary crash cushions, bollards and safety barriers including rental of temporary barriers.

The company has a successful history of developing innovative road safety products and, after some years of distraction, the company is now repositioning itself to focus on its strong portfolio of established innovative products together with the development of new innovative products. This will have the dual benefits of improved stakeholder value and reduced human road trauma.

A summary of company performance for the past five financial years is below:

	2014	2013	2012	2011	2010
EPS (cents)	(3.6)	(5.3)	(35.5)	2.9	7.8
Net profit/(loss) (\$)	(930,978)	(1,388,899)	(9,219,362)	747,672	2,035,154
Share price (\$)	\$0.13	\$0.06	\$0.09	\$0.22	\$0.44

Additionally, the Company has produced a positive underlying EBIT for the past two calendar quarters, reflecting the benefits from the past year's restructuring activities to right-size the business, dispose of non-core elements in a controlled manner and focus on rebuilding the business. This was a vital component in the Company's commitment to delivering acceptable returns to shareholders, whilst also looking for new innovative product opportunities to bring to the market.

Looking ahead, the Company has commenced commercialisation of the Ironman Hybrid steel and concrete temporary safety barrier system as part of its temporary barrier rental portfolio. The Company continues to seek interested parties for a larger commercial transaction in the sale of this new product.

The Company has recently signed distributor agreements with two overseas parties to distribute some of its patented products in their substantial markets and to launch their patented products here in Australia.

The purpose of the Entitlement Offer is to raise \$1,248,000. The proceeds of the Entitlement Offer are planned to be used in accordance with the table set out below:

Proceeds of the Entitlement Offer and Shortfall Offer	\$ 1,248,000
Repayment of bank debt	\$ 1,200,000
Working capital	\$ 33,000
Expenses of the Entitlement Offer (estimated)	\$ 15,000
Total	\$ 1,248,000

** All amounts are approximations

The Company continues to operate within the terms of its existing financing facility with its financier which expires in July 2015. The Directors believe it is in the best interests of shareholders to further reduce bank debt by means of this Entitlement Offer from its present \$4.8 million to \$3.6 million. Further, repayments amounting to approximately \$500,000 are scheduled to reduce bank debt to approximately \$3.1 million by 30 June 2015. These reductions in bank debt will provide a much more appropriate debt equity ratio, greater flexibility with its business financing options and a substantial reduction in borrowing costs. The Company's financier has been consulted and an extension to and improvements in borrowing terms have been agreed, subject to fulfilling the repayment of \$1.2 million of debt by 31 December 2014.

6.2 Effect on capital structure and control

A comparative table of changes in the capital structure of the Company as a consequence of the Entitlement Offer is set out below.

	Number
Shares on issue at date of Entitlement Offer	26,000,000
Maximum number of New Shares to be issued pursuant to the Entitlement Offer	10,400,000
Total Shares on issue after completion of the Entitlement Offer*	36,400,000

* Assuming all New Shares are fully taken up by Shareholders.

As at the date of this Offer Document, there are no options to acquire Shares on issue.

6.3 Effect on Control

If all Shareholders fully take up their Entitlements to New Shares, or entitlements to New Shares not taken up by some Shareholders (Shortfall Shares) are fully subscribed, then 10,400,000 New Shares will be issued by Saferoads.

If any Eligible Shareholders do not take up or fully take up their Entitlements to New Shares, then the proportional shareholding interest in Saferoads of those Eligible Shareholders will be diluted by up to 28.6%.

None of the abovementioned circumstances is expected to have any material effect on the control of Saferoads.

7 Risk Factors

The New Shares offered under this Entitlement Offer are considered a speculative investment, and involve investors being exposed to risk. The Directors strongly recommend potential Applicants consult their professional advisers before deciding whether to apply for New Shares pursuant to the Entitlement Offer.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price or value of the New Shares.

The following summary, which is not exhaustive, represents some of the major risk factors of which potential investors need to be aware. Other factors, whilst not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the New Shares. New Shares offered under the Entitlement Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the New Shares.

Unless otherwise indicated by the context, the references to the Company in this section include the Company's subsidiaries.

7.1 Risks specific to the Company and its industry

There are a number of risks specific to the Company and its industry.

Risks attributable to the Company are its ability to:

- Continue to manage the performance of the business, including increasing sales, maintaining margins and operating cash flows and continuing to control overheads;
- Secure further profitable sales contracts for its existing and emerging products; and
- Continue to meet the minimum debt repayment plan set by the Company's financier

From an industry perspective, the Company operates predominantly in the road safety sector, and is therefore dependent on continued government (Federal, State and Local) spend on road infrastructure to be able to service demand from its customers. Various public sector statements on government budget expenditure allocations indicate that road infrastructure is expected to receive funds for new road projects and maintenance and upgrade programs into the foreseeable future.

With a growing population and the pressures of expanding urbanisation of Australia's major cities, it is anticipated that demand for road infrastructure improvements will remain and the challenge for the Company is to ensure its products and services are at the forefront of these opportunities with regards quality, innovation, fit for purpose and pricing, ahead of its competitors.

7.2 General risks

Market conditions

The price of shares quoted for trading by ASX is impacted by various international and domestic factors. As the Company is listed on ASX, its share price is subject to numerous influences which may affect both the share market generally or the Company's share price in particular.

The factors which may create share price fluctuations include inflation, economic conditions, commodity prices, interest rates, exchange rates and investor sentiment generally.

Economic risk and external market forces

Factors including, but not limited to, political movements, stock market trends, changing commodity prices, exchange rates, interest rates, inflation levels, industrial disruption, terrorism or other hostilities, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Company's operating costs, profit margins and share price. These factors are beyond the control of the Company and the Company cannot, to any degree of certainty, predict how they will impact on the Company from time to time.

Taxation

The Company's profitability may be affected by changes in Australian government taxation laws and policies.

Government policy

The Company operates its business in a climate that is subject to various forms of government policy and regulation. Road infrastructure spending can be affected by changes in government policy and regulation that are beyond the control of the Company.

Other legal risks

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and therefore on the financial performance of the Company and the price or value of the Shares.

8 Glossary

In this Offer Document:

AEDT means Australian Eastern Daylight Saving Time.

Applicant means a Shareholder who applies for Shares pursuant to the Entitlement Offer.

ASIC means Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHES.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Entitlement Offer, being 5:00pm (AEDT) on Tuesday, 9 December 2014 (unless extended).

Company means Saferoads Holdings Limited, ABN 81 116 668 538.

Constitution means the Company's constitution as at the date of this Offer Document.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company as at the date of this Offer Document.

Dollar or "\$" means Australian dollars.

Eligible Shareholders means all Shareholders at 7:00pm AEDT on the Record Date whose registered addresses are in Australia or New Zealand.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Offer Document.

Entitlement Offer means the offer by the Company of non-renounceable Entitlement to be issued New Shares pursuant to the terms set out in this Offer Document.

Existing Shares means the Shares on issue at the Record Date.

New Shares means the Shares to be issued by the Company pursuant to the Entitlement Offer and the Shortfall Offer.

Offer means the Entitlement Offer and the Shortfall Facility.

Official List means the official list of ASX.

Partial Underwriter means the Directors of the Company

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 7.00 pm (AEDT) on Tuesday, 18 November 2014.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares in the Company as recorded by the Share Registry.

Share Registry means Boardroom Pty Limited (ACN 003 209 836).

Shortfall Facility means the offer of Shortfall Shares in accordance with this Offer Document.

Shortfall or **Shortfall Shares** means those New Shares under the Entitlement Offer not applied for by Eligible Shareholders under their Entitlement by the Closing Date.



ABN: 81 116 668 538

BoardRoom

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 (within Aust)
Tel: + 61 2 9290 9600 (outside Aust)
Fax: + 61 2 9279 0664

www.boardroomlimited.com.au
enquiries@boardroomlimited.com.au

ENTITLEMENT AND ACCEPTANCE FORM

Name 1
Name 2
Name 3
Name 4
Name 5
Name 6

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm
on 18 November 2014

Offer Closes: 5pm AEDT 9 December 2014

NON-RENOUCEABLE ISSUE OF UP TO 10,400,000 NEW SHARES AT AN ISSUE PRICE OF \$0.12 CENTS EACH ON THE BASIS OF 2 NEW SHARES FOR EVERY 5 ORDINARY SHARES HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER.

A Entitlement Acceptance

If you wish to accept your FULL ENTITLEMENT please complete and return this form WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW. The return of this form by the close date with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of Two New Shares for every Five Ordinary Shares held	Price Per Share	Amount Payable for Full Acceptance, at \$0.12 per New Share
	\$0.12 per Share =	

If you wish to accept PART OF YOUR ENTITLEMENT ONLY please complete this form showing in the box below the NUMBER OF NEW SHARES BEING ACCEPTED and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	\$0.12 per Share =	\$

B Apply for additional (Shortfall) shares (if available)

If you wish to apply for additional shares to your Entitlement above under the Shortfall Facility please insert the number of shares in the box below and the appropriate amount payable. These additional shares will only be allotted if available.

Number of Additional Shares Applied for	Price Per Share	Amount Enclosed
	\$0.12 per Share =	\$

C Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Saferoads Holdings Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY



Biller Code: X X X X
Ref: «BPayCRN»

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

® Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for.

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "Saferoads Holdings Limited – Trust Account" and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

THIS FORM CONTINUES OVERLEAF

D Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
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By submitting this Application Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Offer Document to which this Application Form relates and declare that this Application is completed and lodged according to the Offer Document and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Saferoads Holdings Limited and agree to the terms and conditions of the Offer.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New shares for which you are accepting by \$0.12 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 02 9290 9600
Facsimile No. 02 9279 0664

If you do not deal with your entitlement it will lapse at 5.00 pm AEDT on 9 December 2014.

PAYMENT

Cheque or Draft

All cheques or drafts (expressed in Australian currency) are to be made payable to "Saferoads Holdings Limited - Trust Account" and crossed "Not Negotiable".

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm AEDT on 9 December 2014.

PAYMENT - OVERSEAS RESIDENTS

Overseas shareholders who are permitted to apply for shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Offer Document.

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) /
Sole Director & Sole Company
Secretary

Joint Shareholder 2 (Individual) /
Director

Joint Shareholder 3 (Individual) /
Director/Company Secretary
(Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/Privacy.html>).