

PROSPECTUS

FOR THE OFFER
OF 11.5 MILLION
ORDINARY SHARES AT
\$1.00 PER SHARE

SAFEROADS HOLDINGS LIMITED
ABN 81 116 668 538



 **CARTESIAN**
CAPITAL
LEAD MANAGER

 **LONSEC**
BROKER TO THE OFFER

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KEY DATES FOR INVESTORS

2005

Offer Opens:	21 November
Offer Expected to Close:	9 December
Expected Date for Despatch of Shareholdings Statements:	12 December
Expected Date for Listing of Shares on ASX:	15 December

OFFER STATISTICS

Number of Shares to be offered:	11,500,000
Offer Price:	\$1.00
Market Capitalisation at Offer Price:	\$23,000,000
Price-Earnings Ratio for FY 2006 ¹ :	8.65x
Dividend for FY 2006:	6 cents fully franked

NOTE:

¹ Calculated on Market Capitalisation at Offer Price divided by FY2006 NPAT

All dates are subject to change and accordingly are indicative only. In particular, the Company and the Lead Manager have the right to vary the dates of the Offer, without prior notice. Investors are encouraged to submit their Application Forms as soon as possible.

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Application.

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary.

Money as expressed in this Prospectus is in Australian dollars or else as indicated.

HOW TO APPLY FOR SHARES

Applications must be for a minimum of 2,000 Shares at the Offer price of \$1.00. Applications for more than 2,000 Shares must be in multiples of 500 Shares.

Applications can be made in the following manner:

- By completing and returning a hard copy Application Form which is attached to this Prospectus in accordance with the Application Form instructions.
- By printing a copy of the online Prospectus and completing and returning a copy of the Application Form in accordance with the instructions.

IMPORTANT INFORMATION

The Offer contained in this Prospectus is an invitation to apply for Shares in Saferoads Holdings Limited ABN 81 116 668 538 (the "Company").

This Prospectus is dated 4 November 2005 and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. This Prospectus expires on 3 December 2006 (the "Expiry Date").

No Shares will be sold on the basis of this Prospectus after the Expiry Date.

Neither ASIC nor the Australian Stock Exchange ("ASX") takes responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Offer is available to Australian residents in each State or Territory of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who obtain this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or an invitation in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer or invitation.

From the time the Offer opens and until the Closing Date, this Prospectus may be viewed online at www.saferoads.com.au. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. This Prospectus is only available online to residents in Australia. A paper copy of this Prospectus will be provided free of charge to any person in Australia who requests a copy by contacting Saferoads on 1800 060 672 during the period of the Offer.

Applications will not be accepted before the Opening Date and, in any case, not until after the Exposure Period has ended. The Exposure Period is expected to end on 11 November 2005, although ASIC may extend it by up to a further seven days. Applications may only be made on an Application Form that is attached to, or accompanies, this Prospectus.

No person is authorised to provide any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Underwriter or any other person in connection with the Offer.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account the investment objectives, financial situation and particular needs of individual investors. It is important that investors read this Prospectus in its entirety before deciding to invest in Shares and that, in particular, in considering the prospects for Saferoads, they consider the risk factors that could affect Saferoads' performance. Investors should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional guidance from their stockbroker, solicitor, accountant or other professional financial adviser before deciding whether to invest. Some risk factors that investors should consider are outlined in Section 6.

The completed Application Form provides personal information about you to the Company. The Company collects your personal information to process and administer your investment in the Company and to provide related services to you. If you do not complete the Application Form in full, the Company may not accept your Application Form. The Company may disclose your personal information, for purposes related to your investment, to its agents or service providers, including the sponsoring broker and share registry. You can obtain access to personal information that the Company holds about you. To make a request for access or to obtain further information about the Company's privacy policy, please contact the Company on **1800 060 672**.

Chairman's Letter



Dear Investor,

I am pleased to invite you to become a shareholder in Saferoads Holdings Limited.

Saferoads provides investors with an opportunity to participate in a company that manufactures, imports and distributes road safety products. Formed in 1992, largely by its current management team, Saferoads is a major supplier to the road safety market.

Saferoads is excited about the prospects of both the new products it has developed and line extensions of its existing products. Saferoads has maintained an historical annual sales growth rate in excess of 20% over the last 5 years and has a core aim to continue this trend. In addition, the Board will seek appropriate acquisitions to both further diversify its customer base and range of products and increase earnings growth.

Following completion of the Offer, the Existing Shareholders will retain 50% of the shares in Saferoads. Their ongoing support is further evidenced by two of these shareholders being on the Saferoads Board.

For investors seeking to participate in the road safety sector and access potential income and capital growth I commend to you an investment in Saferoads. I have great confidence in its management team and their ability to implement the plans outlined in this Prospectus.

Please read this document carefully before you make your decision to invest. An investment in Saferoads and the road safety sector contains specific risks which you should consider before making that decision.

I look forward to welcoming you as a shareholder in Saferoads.

Yours sincerely,

A handwritten signature in black ink, which appears to read "G Bertuch". The signature is written in a cursive, flowing style.

Gary Bertuch
Chairman

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

1.1 The Offer

A total of 11.5 million Shares in Saferoads Holdings Limited at \$1.00 per Share will be offered for sale. The minimum number of Shares that each Applicant may apply for is 2,000 Shares. Shares will not be transferred to Applicants under the Offer unless at least \$11.5 million is raised. The Offer is fully underwritten by LCS Capital Pty Ltd (ABN 63 077 997 918), a wholly owned subsidiary of Zurich Financial Services Australia Limited (ABN 11 008 423 372). These Shares are offered by the Company in its capacity as agent for and with the authority of the Existing Shareholders who are selling Shares under the Offer.

1.2 Saferoads

Saferoads develops, imports and markets a range of road safety products and services, primarily to State and Local Governments, road construction companies and hire companies, including:

- Guide Posts;
- Crash Cushions & Barriers;
- Workzone Products;
- Traffic Calming Products;
- Traffic Control Products; and
- Installation Services.

More information about Saferoads and its business is set out in Section 3.

1.3 Purpose of the Offer

The purpose of the Offer is to:

- allow the Existing Shareholders to realise part of their investment in Saferoads;
- facilitate future access by the Company to public capital markets to pursue future growth opportunities;
- provide the Company with increased flexibility to fund acquisitions through the offer of Shares;
- provide an opportunity for employees to invest in the Company;
- increase the flexibility of management to offer employee incentive schemes which will assist Saferoads in attracting and retaining quality employees;
- achieve Listing and thereby provide a more liquid market for the Company's Shares; and
- broaden the Company's shareholder base.

No new capital is being raised. The Shares being offered for sale under this Prospectus are owned by the Existing Shareholders. Accordingly, the costs of the Offer, other than those relating to the Listing, are being borne by the Existing Shareholders.

1.4 Offer Statistics

	Number of shares (million)	(%)
Shares available under the Offer	11.5	50.0
Shares held by Existing Shareholders on Listing	11.5	50.0
Total Shares	23.0	100.0

The Offer is an offer for sale of existing shares by the Existing Shareholders. Following completion of the Offer, the Existing Shareholders will have the following shareholdings:

	Number of shares	(%)
Darren John Hotchkin	5,462,500	23.75
Jennifer Ann Hotchkin	575,000	2.50
Harold Gordon Hotchkin	1,150,000	5.00
Duncan Francis Smith	1,437,500	6.25
Jeffrey Stewart Herdman	1,725,000	7.50
Wayne Phillip Portelli	1,150,000	5.00
Total	11,500,000	50.00

Further details of Saferoads' capital structure are contained in Section 5.

Years Ending 30 June (\$'000)	2004 Actual	2005 Actual	2006 Forecast
Revenue	15,846	22,918	26,101
Pre-Tax Profit	3,112	3,112	3,756
Profit After Tax (normalised)	2,019	2,191	2,659
Dividend per Share (cents)			6.0
Market Capitalisation at Offer Price			23,000
Price earnings ratio #			8.65

Calculated on Market Capitalisation at Offer Price divided by the forecast Profit After Tax (normalised) for the year ending 30 June 2006

The historical and forecast financial information must be read in conjunction with the more detailed commentary contained in Section 5 (Financial Information) and Section 6 (Risk Factors).

1.5 Applications for Shares

Applications for Shares can only be made by completing and lodging an Application Form found at the back of this Prospectus. Instructions on how to complete the Application Form are attached to the Application Form. Application Forms must not be provided to prospective investors unless accompanied by this Prospectus.

1.6 Dividends

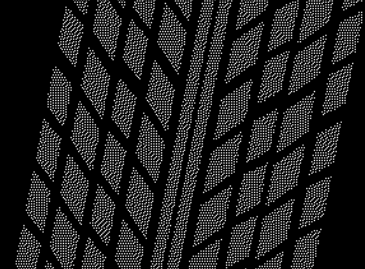
Subject to the Directors' forecast for FY2006 being achieved, the Directors intend to pay a dividend of 6.0 cents per Share for the period from the Company being ASX listed to 30 June 2006. The Board's current dividend policy is to pay dividends within a payout ratio range of 50-70% of NPAT for any one year.

No assurance can be provided about future dividend policy, the extent of future dividends or the franking of dividends. Any future determination on the payment of dividends by the Company will be at the discretion of the Directors and will be dependent on a number of factors, including the level of future profits, and the financial and taxation position of the Company.

1.7 Risks

Saferoads is subject to various risks which may adversely impact its profitability and the value of its Shares. These include, but are not limited to, fluctuations in exchange rates, competitors' prices and new products, operations not performing according to plan and the loss of a major supplier. Investors should read Section 6 (Risk Factors) carefully prior to making any decisions to invest in the Company.

2 Details of the Offer



2.1 Saferoads

The business of Saferoads was started in 1992 by Darren Hotchkin, Saferoads' Managing Director; his wife, Jennifer Hotchkin; his father, Harold Hotchkin; and Duncan Smith, a Saferoads' non-executive Director. Saferoads imports, develops and markets a range of road safety products and services, including:

- Guide Posts;
- Crash Cushions & Barriers;
- Workzone Products;
- Traffic Calming Products;
- Traffic Control Products; and
- Installation Services.

2.2 How to Apply for Shares

The Corporations Act prohibits the acceptance of Applications during the period of seven days after lodgement of this Prospectus (which may be extended by ASIC for a further seven days). This period is referred to as the Exposure Period and Applications received during this period will not be accepted until after the Exposure Period. Nor will applications received during the Exposure Period be given any preference.

To participate in the Offer, the Application Form attached to this Prospectus must be completed in accordance with the Application Form instructions. Applications must be for a minimum of 2,000 Shares, having a value of \$2,000, or a greater number in multiples of 500 Shares (\$500). Cheques should be made payable to "Saferoads Holdings Limited Share Offer" and crossed Not Negotiable.

Completed Application Forms and cheques for the relevant amount should be posted or delivered to:

Registries Limited Level 2 28 Margaret Street Sydney NSW 2000	OR	Registries Limited PO Box R67 Royal Exchange NSW 1223
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or the Lead Manager at the address listed in the Corporate Directory.

While it is not obligatory for Applicants to quote their Tax File Number ("TFN"), tax will be withheld at the rate of 48.5% on unfranked or partially franked dividends if Australian resident shareholders do not quote their TFN. Shareholders may notify Saferoads of their TFN by completing the relevant section of the Application Form.

Applications for the Shares offered under this Prospectus must be made, and will only be accepted, on the Application Form that is attached to the Prospectus. A duly completed and lodged Application Form will constitute an offer by the Applicant to purchase the number of Shares applied for pursuant to the Application Form. The Offer will open at 9.00am on the Opening Date and will remain open until 5.00pm on the Closing Date, subject to the right of the Directors and the Underwriter to close the Offer at any time without prior notice.

An Application Form may only be distributed attached to a complete and unaltered copy of this Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

No brokerage or stamp duty is payable by Applicants in respect of their applications for Shares under this Prospectus. The amount payable on application will not vary during the period of the Offer and no further amount is payable on the transfer of Shares to investors. Application money will be held by the Company in trust in a separate account until Shares are transferred to Applicants or the money is returned to Applicants.

2.3 Allocation

The Underwriter and the Company will proceed to allocate Shares as soon as possible after the Closing Date. The Company reserves the right, in consultation with the Underwriter, to allocate to any Applicant a lesser number of Shares than that applied for or to decline any Application. Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant as soon as practicable. No interest will be paid on refunded Application Monies.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible following the allocation being made after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares allocated to them prior to trading in Shares. Applicants who sell Shares before they receive notice of the number of Shares allocated to them do so at their own risk.

2.4 ASX Listing

Within seven (7) business days after the date of this Prospectus, Saferoads will apply for admission to the official list of ASX. If granted, the Company will apply for quotation of the Shares as soon as practicable after the allocation of Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of Shares prior to trading.

If the Shares have not been quoted by ASX within three months after the date of this Prospectus, the Offer will be cancelled and all Application moneys will be refunded in full without interest as soon as practicable.

2.5 Underwriting

The Offer is fully underwritten by LCS Capital Pty Limited, a wholly owned subsidiary of Zurich Financial Services Australia Limited. The terms of the Underwriting Agreement specify that the Underwriter may terminate its obligations to underwrite the Offer, without cost or liability to itself, upon giving written notice to the Company, if certain events occur or if certain conditions precedent are not satisfied. Details of the material terms of the Underwriting Agreement are contained in Section 8.7.1.

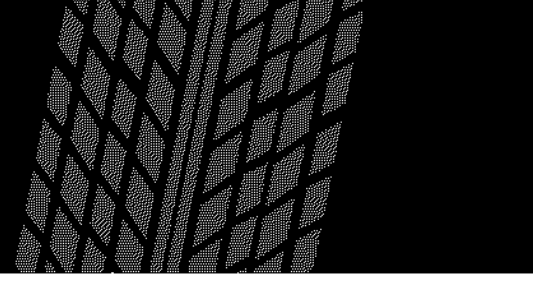
If the Underwriter does terminate its obligations or the minimum amount to be raised under this Offer of \$11.5 million has not been reached within three months after the date of this Prospectus, all Applications will be refunded in full without interest as soon as practicable.

2.6 CHESS

Saferoads will apply to participate in the ASX's Clearing House Electronic Subregister System ("CHESS") in accordance with the ASX Listing Rules and the ASTC Business Rules.

CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become Approved Financial Products, holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister. The Shares of a Shareholder who is a participant in CHESS or a person sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.



Following the transfer of Shares to successful Applicants, Shareholders will be sent a statement of holding that sets out the number of Shares that have been allocated. This statement will also provide details of a Shareholder's Holder Identification Number ("HIN") for CHESS holders or, where applicable, the Securityholder Reference Number ("SRN") of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their holdings of Shares in the Company. Share certificates will not be issued.

2.7 Share rights

Full details of the rights attaching to Shares are contained in the Company's Constitution, a summary of which is set out in Section 8. The Constitution is available for inspection, without a charge, during normal business hours at the Company's registered office.

2.8 Employee Share Option Plan

Saferoads has established an employee share option plan to help retain key employees of Saferoads. Details of this plan are provided in Section 8. The Directors do not currently intend to grant any options under the plan, although they may decide to do so in the future.

2.9 Taxation

Investors should seek and rely on their own taxation advice regarding an investment in Saferoads as the taxation consequences will depend on the investor's particular circumstances.

2.10 Electronic Prospectus

From the time the Offer opens and until the Closing Date, this Prospectus may be viewed online at www.saferoads.com.au. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. This Prospectus is only available online to residents in Australia. A paper copy of this Prospectus will be provided free of charge to any person in Australia who requests a copy by contacting Saferoads on 1800 060 672 or email investor@saferoads.com.au during the period of the Offer.

An Application Form may only be distributed attached to a complete and unaltered copy of this Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

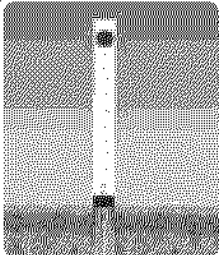
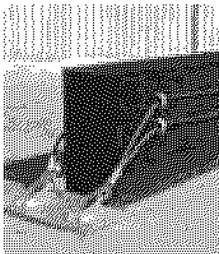

Applications made by email or any other electronic means will not be accepted. Applications for Shares can only be made by completing and lodging a paper copy of an Application Form.

3.1 Introduction

Saferoads prides itself on its history of strong revenue growth. It operates in a wholesale environment with longstanding clients and innovative road safety products. An ASX listing will afford the Company access to future capital while boosting brand awareness.

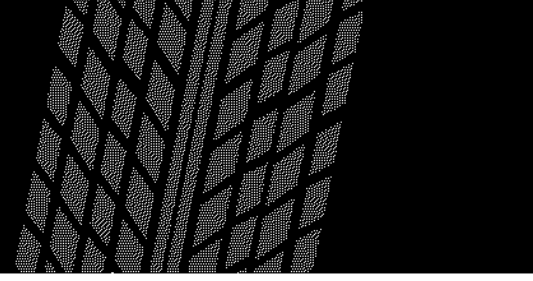
3.2 Overview

Saferoads develops, manufactures, imports and markets a broad range of road safety products and services primarily within Australia. At the core of Saferoads' product range are three objectives:

Objective	Product Description / Experience
<p data-bbox="180 943 245 972">Direct</p> 	<p data-bbox="660 927 1369 987">Signs and other forms of communication that direct or warn road users. Saferoads has 13 years experience in this market.</p>
<p data-bbox="180 1234 260 1263">Protect</p> 	<p data-bbox="660 1218 1374 1279">Barriers, guard rails and other products that protect people and property from physical harm. Saferoads has 6 years experience in this market.</p>
<p data-bbox="180 1525 252 1554">Inform</p> 	<p data-bbox="660 1509 1390 1570">Products that capture and / or provide live or near-live information to road users. Saferoads has 3 years experience in this market.</p>

The Directors believe that the key strengths of Saferoads are:

- 13 years experience in the road safety industry;
- a stable and experienced management team;
- a diverse customer base of State Government departments, local councils, road construction companies and industrial hire businesses;
- a combination of proprietary manufactured products and agencies for imported products;
- products which are based on current technology; and
- a potential to increase profits and sales by adding new products, expanding existing product lines and acquisitions.



3.3 Industry Overview

The road industry market is divided into a number of categories, including:

- Road Construction;
- Bridge Construction;
- Design and Construction;
- Maintenance; and
- General Works.

Saferoads' products fall within the Road Construction and General Works categories.

Some of Saferoads' main competitors include Ingal Civil Products, Armco Barriers, A1 Roadlines, Durapost and Ezi-Drive.

Saferoads believes that, over the last 3 – 4 years, the market has changed as governments have sought to lower death and injury on the roads. As part of this process, governments have:

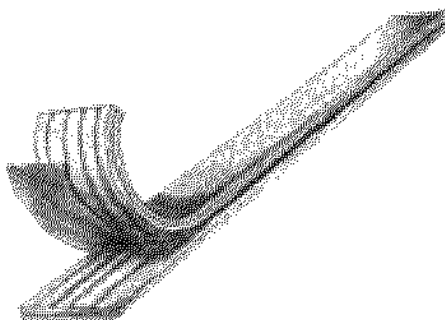
- increased their focus on driver education;
- increased usage of permanent and temporary safety barriers; and
- improved road delineation and driver awareness by better signage and guidance systems.

Saferoads expects that, in the next 12 – 18 months:

- State and Local Governments will continue to maintain or increase expenditure on road safety; and
- a number of major road infrastructure projects, such as Eastlink (Victoria), the Pakenham bypass (Victoria), the Westlink M7 Motorway (Western Sydney Orbital), the North-South Bypass Tunnel (Queensland) and the Gateway Bridge & Motorway Duplication (Queensland), will result in strong demand for road safety products.

3.4 History

Saferoads was started in 1992. The impetus for Saferoads' formation was Darren Hotchkin's invention of the rubber swing hinge. The hinge was formed by laminating the treads of two tyres to create a range of guide posts and signage products. The key advantage of these products was their ability to self straighten after vehicle impact.

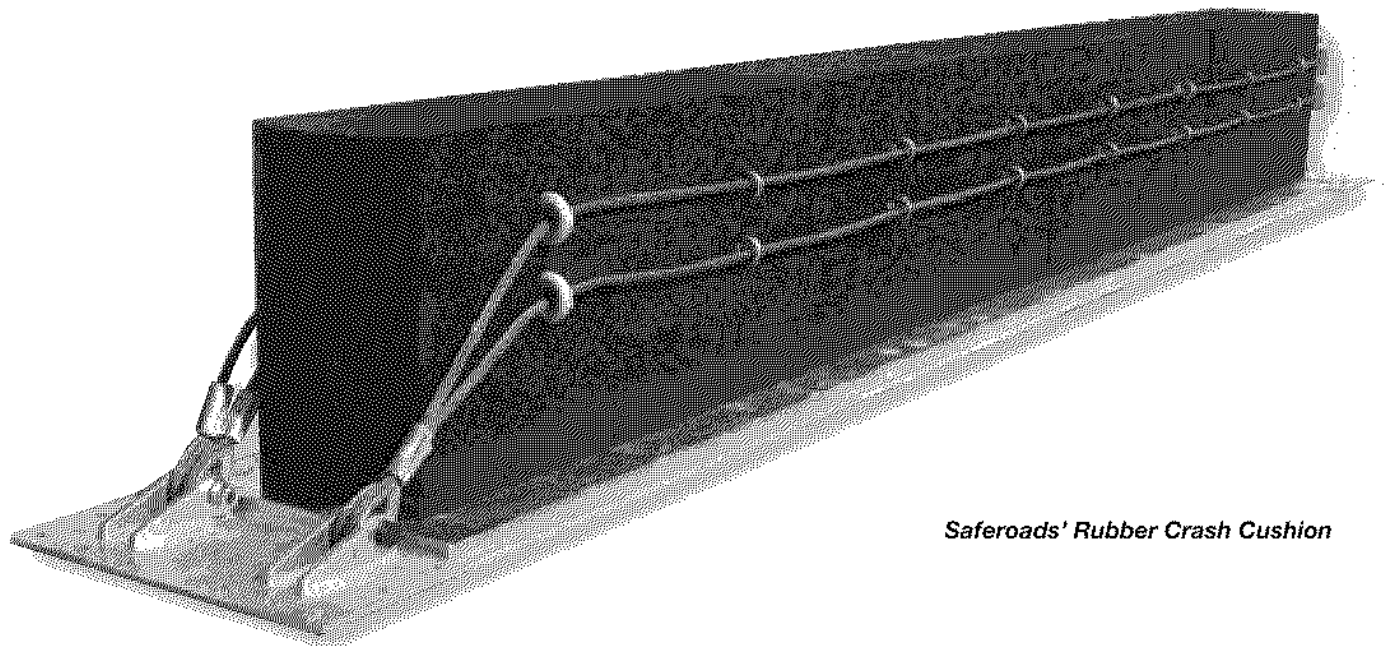


Over the last 10 years, Saferoads' range of products has been expanded to include moulded rubber products, such as speed humps and cushions using scrap tyres, various types of energy absorbing bollards, guardrails and barriers, and traffic information systems such as speed display signs.

Mr Jeff Herdman, Saferoads' General Manager, joined Saferoads in 1995. He previously worked for Motorway Tyre Retreaders Pty Ltd for 15 years, working his way up through the company to General Manager. Over the last 10 years he has been a major contributor to Saferoads' success.

In 1998 the expansion of Saferoads' business saw new premises being established at Drouin, near Warragul in Victoria. This included new office, warehouse and manufacturing facilities.

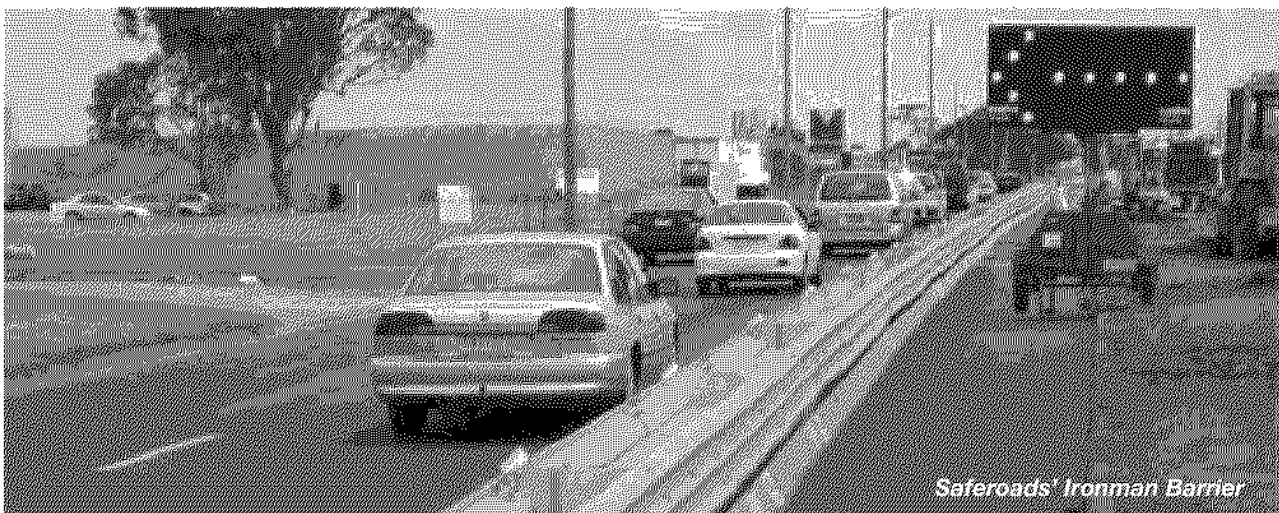
By 2001, as part of its expansion plan, Saferoads became the exclusive Australian distributor for Energy Absorption Systems, Inc., a subsidiary of Quixote Corporation ("Quixote") of the United States. Quixote supplies a range of transportation safety products to over 20 countries and is the world's leading manufacturer of energy-absorbing highway crash cushions.



Saferoads' Rubber Crash Cushion

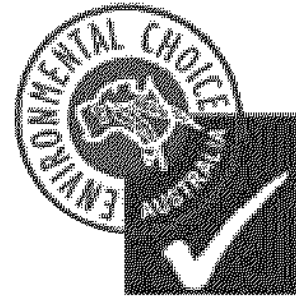
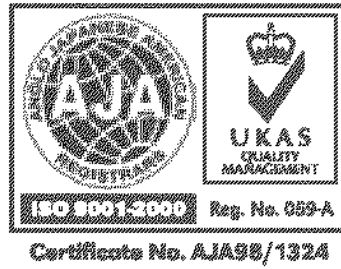
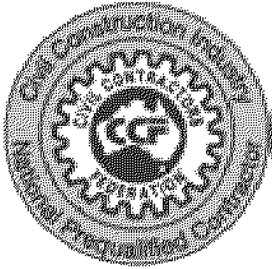
In 2002 Saferoads launched its patented crash cushion which was designed and manufactured in Australia. The cushion is made from scrap tyres and is able to withstand multiple impacts. The product has been tested and meets Australian standard AS/NZS3845:1999.

In September 2002, Standards Australia published the revised Standard for Works on Roads, AS1742.3-2002 'Manual of Uniform Traffic Control Devices for Works on Roads'. This raised the standard for temporary road safety barriers for work zones and resulted in an increase in demand for the Triton barrier and subsequently led to the development of Saferoads' Ironman barrier.



Saferoads' Ironman Barrier

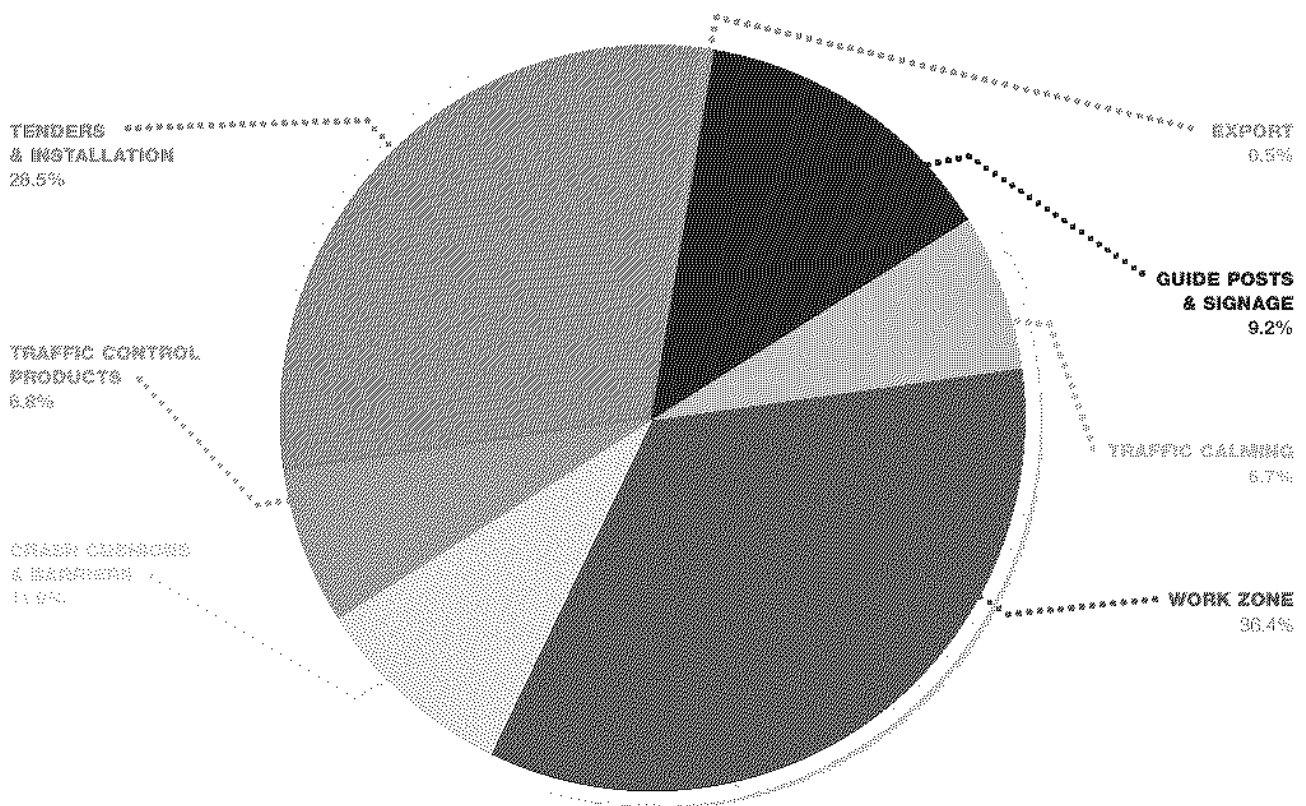
Saferoads has accreditation for ISO 14001:1999 and ISO 9001:2000 in relation to its Quality, Environmental and Safety Management Systems. A number of Saferoads' products have also been awarded the Environmental Choice Mark by the Australian Environmental Labelling Association Inc.



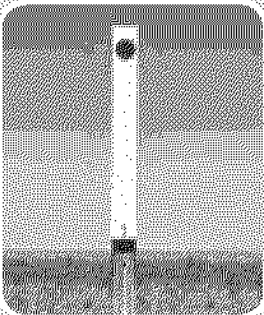
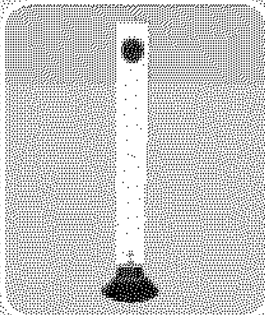

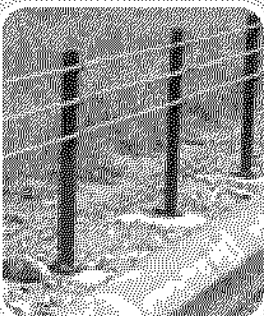

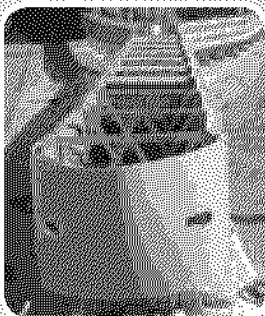



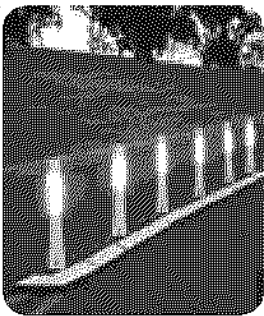
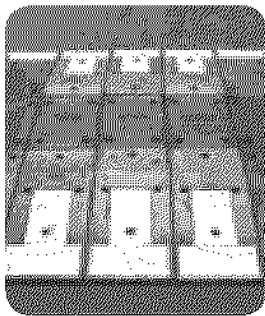

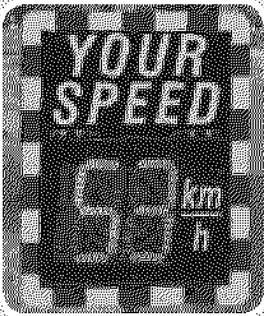


3.5 Products & Services

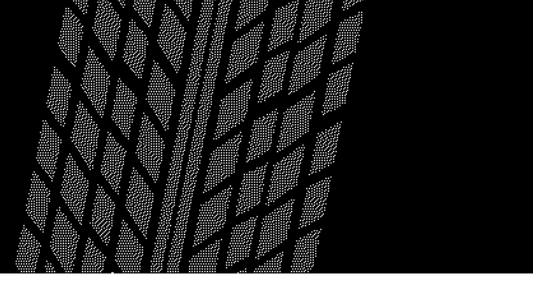
Saferoads has a diverse customer base and a broad range of products. Some products, such as guide posts and the Ironman barrier, have been developed by Saferoads. Other products are imported by Saferoads and distributed in Australia. Saferoads also provides installation services.

Sales by Type 2004 – 2005



Saferoads' current product range includes:

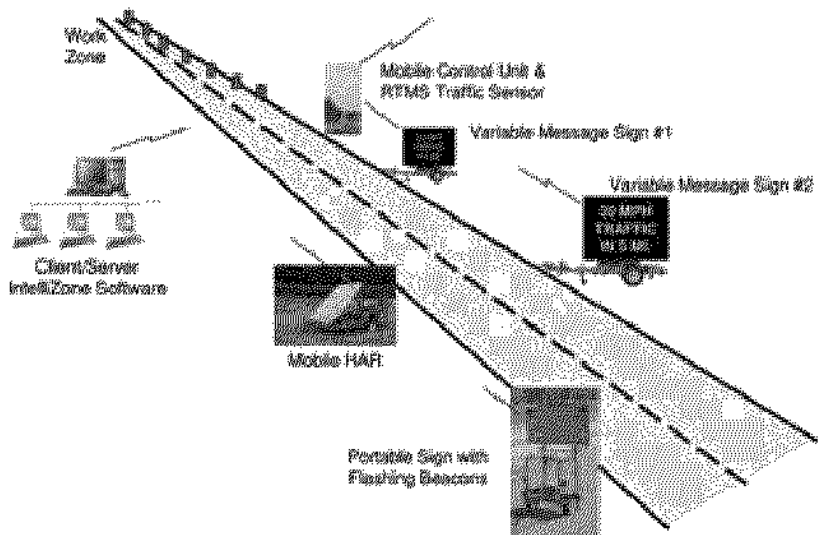
Product Type	Example		
<p>Guide Posts & Flexible Signage</p> <ul style="list-style-type: none"> • Supa-Flex Guide Posts • Supa-Drive Guide Posts • Rubber Guide Posts • Plastic Guide Posts • Snaploc Guide Posts 			
<p>Crash Cushions and Barriers</p> <ul style="list-style-type: none"> • Rubber Crash Cushion • Wire rope safety barrier • Guardrail end terminals • Guardrail • Omnistop Bollards • REACT 350 • Quadguard 			
<p>Workzone</p> <ul style="list-style-type: none"> • Ironman Barrier • Triton Barriers • Variable Message Signs • Safestop TMA • Bollards 			
<p>Traffic Calming</p> <ul style="list-style-type: none"> • Rubber Roundabouts • Rubber Speed Cushions • Rubber Lane Maker • Rubber Speed Humps 			
<p>Traffic Control</p> <ul style="list-style-type: none"> • Variable Message Signs • Portable Traffic Lights • Speed Display Signs • Arrow Boards • Nite Star 			



Products which Saferoads proposes to release over the next 12-18 months include:

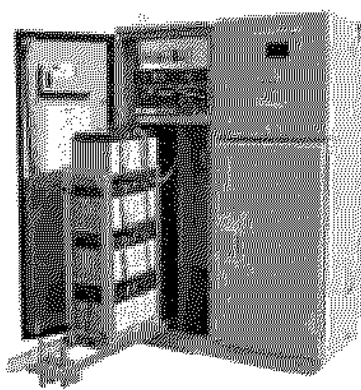
Intellizone

- Real time information to motorists
- System used to help divert traffic, reduce sudden braking and slow motorists approaching a workzone



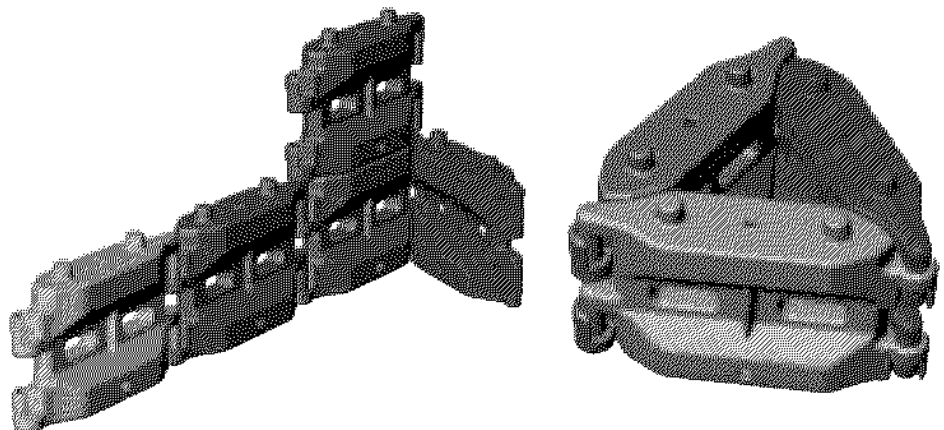
Power Backup / Virtual Loop

- Power back up for traffic lights
- Visual loop sensor to control traffic light activity
- Not yet used in Australia
- Cost effective – no need to dig up roads for sensors



Pedestrian Barriers

- Designed to separate pedestrians from hazards
- Portable, lightweight and durable
- Interlocks and stacks for easy transport and handling



Saferoads also distributes products on an exclusive and non-exclusive basis for a number of leading Australian and international road safety product manufacturers.

Company / Name	Example
<p>Saferoads is a distributor for the following road safety product manufacturers:</p> <ul style="list-style-type: none"> • Quixote Corporation (USA) • Energy Absorption Systems, Inc (USA) • Nu-Metrics, Inc (USA) • U.S. Traffic Corporation (USA) • Highway Information Systems, Inc (USA) • DataCollect GmbH & Co. Kg (Germany) • Bartco Traffic Equipment Pty Ltd (Australia) <p>Products distributed include:</p> <p>Quixote Products Triton Barrier Breakmaster 350 'A' Crash Cushion Energite Sand Barrel Array System LS Pro Truck Mounted Attenuator Quadguard "ELITE" Crash Cushion Quadguard Crash Cushion - Speed Quadguard Crash Cushion - Construction Zone Quadguard High Speed - Speeds 110 km/h React 350 Crash Cushion Alpha 70 Truck Mounted Attenuator Safestop 180 deg Truck Mounted Attenuator Safestop Truck Mounted Attenuator StopGate System Intellizone Advisory Variable Message Boards Hazard Warning Systems Highway Advisory Radio Nite Star NS60 Permanent Count Station RTWIN Station Solar Max</p> <p>DataCollect Products Side Detecting Radar Speed Display Sign - Post Mount Speed Display Sign - Trailer Mount</p> <p>Bartco Traffic Equipment Products Full Matrix Variable Message Signs Arrow Boards Solar Powered Portable Traffic Signals</p>	   

3.6 Sales & Distribution

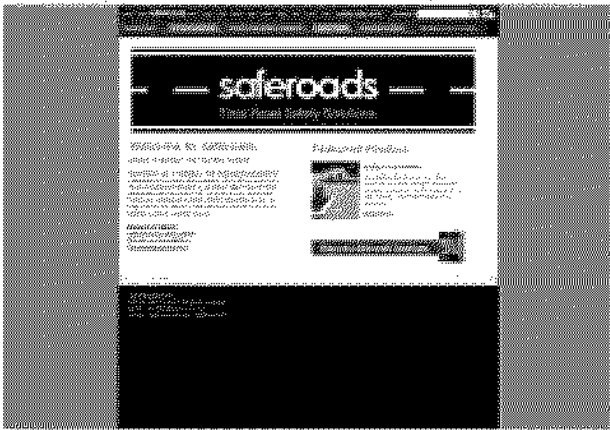
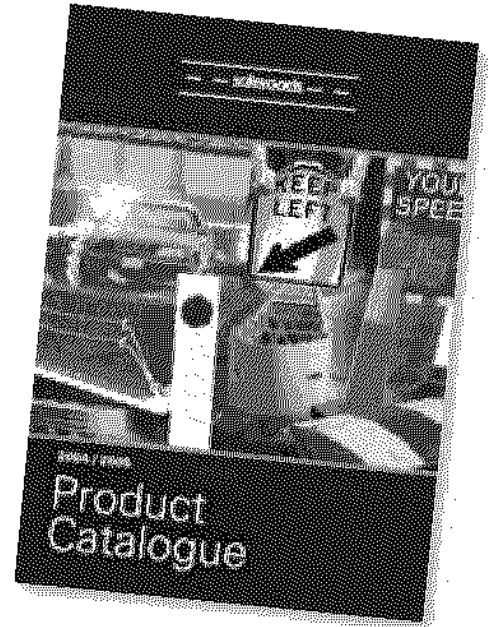
Saferoads sells its road safety products:

- directly from its own offices in Drouin, Sydney and Brisbane; and
- indirectly through its distributors in Western Australia, Northern Territory and South Australia.

Saferoads produces a full colour catalogue on a biennial basis. It is sent to approximately 5,000 clients and potential clients, such as government departments, local councils and construction and hire companies. The 2004/05 catalogue was 50 pages long and covered 88 items from Saferoads' broader product range.

To complement the catalogue, Saferoads also prepares flyers for existing products, new products and new product lines.

Saferoads has its own website, www.saferoads.com.au. The website contains information on Saferoads' products and services including product specifications, demonstration videos and reference tools.



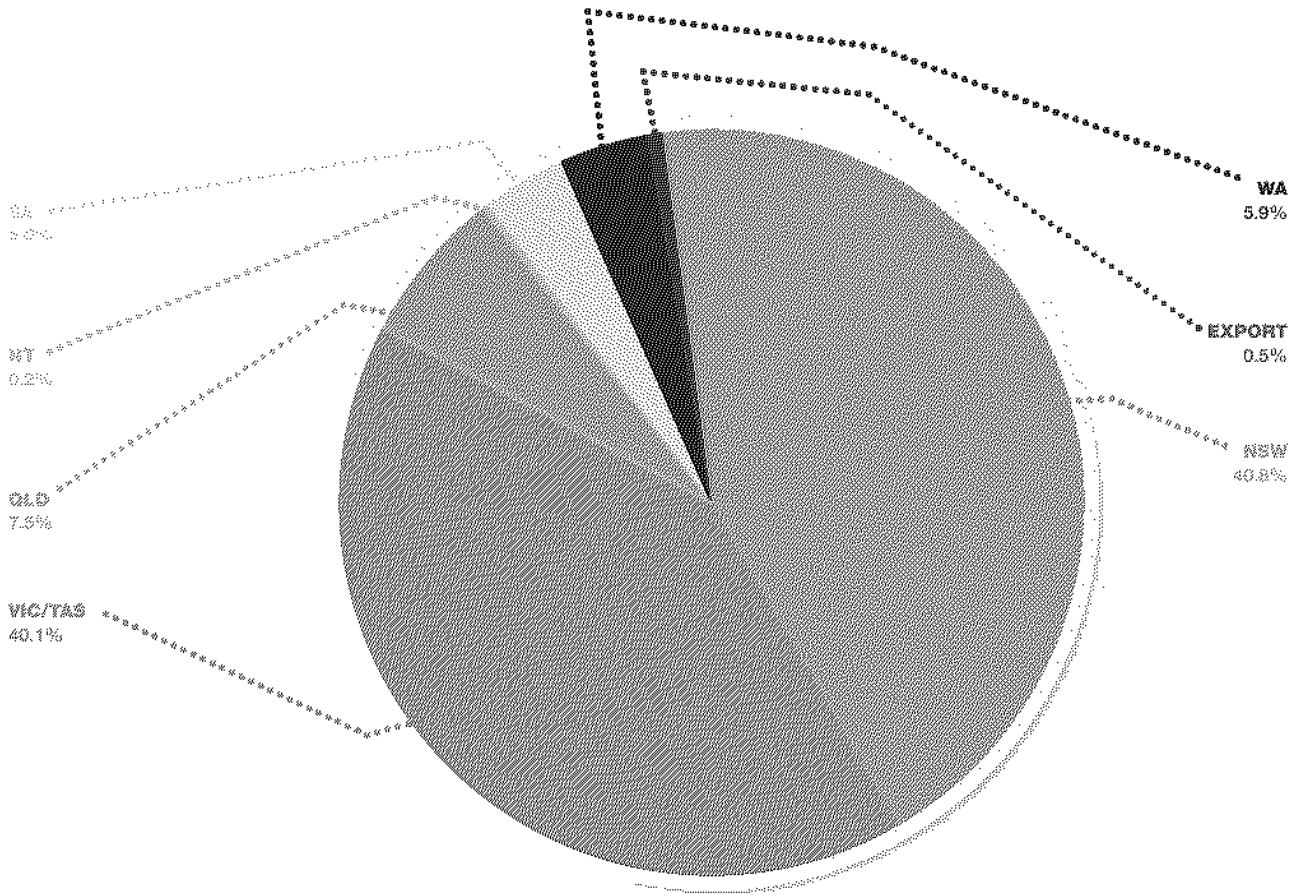
Saferoads' sales are coordinated through its 11 sales staff and Managing Director and General Manager. Saferoads has product managers for each product group. They assist the NSW, Victorian and Queensland state managers and distributors and their staff with specialist queries.

In addition to the catalogue and website, clients are targeted by:

- regular sales calls;
- direct mail;
- expos and field days;
- customer staff training;
- product demonstrations; and
- advertising in trade journals.

Saferoads seeks to differentiate itself by its products, the breadth of its product range and its ability to project-manage assignments. Some of Saferoads' leading products include Ironman barriers, Snaplock guideposts and the Quixote range of products (including Triton barriers).

Total Sales by State 2004 - 2005

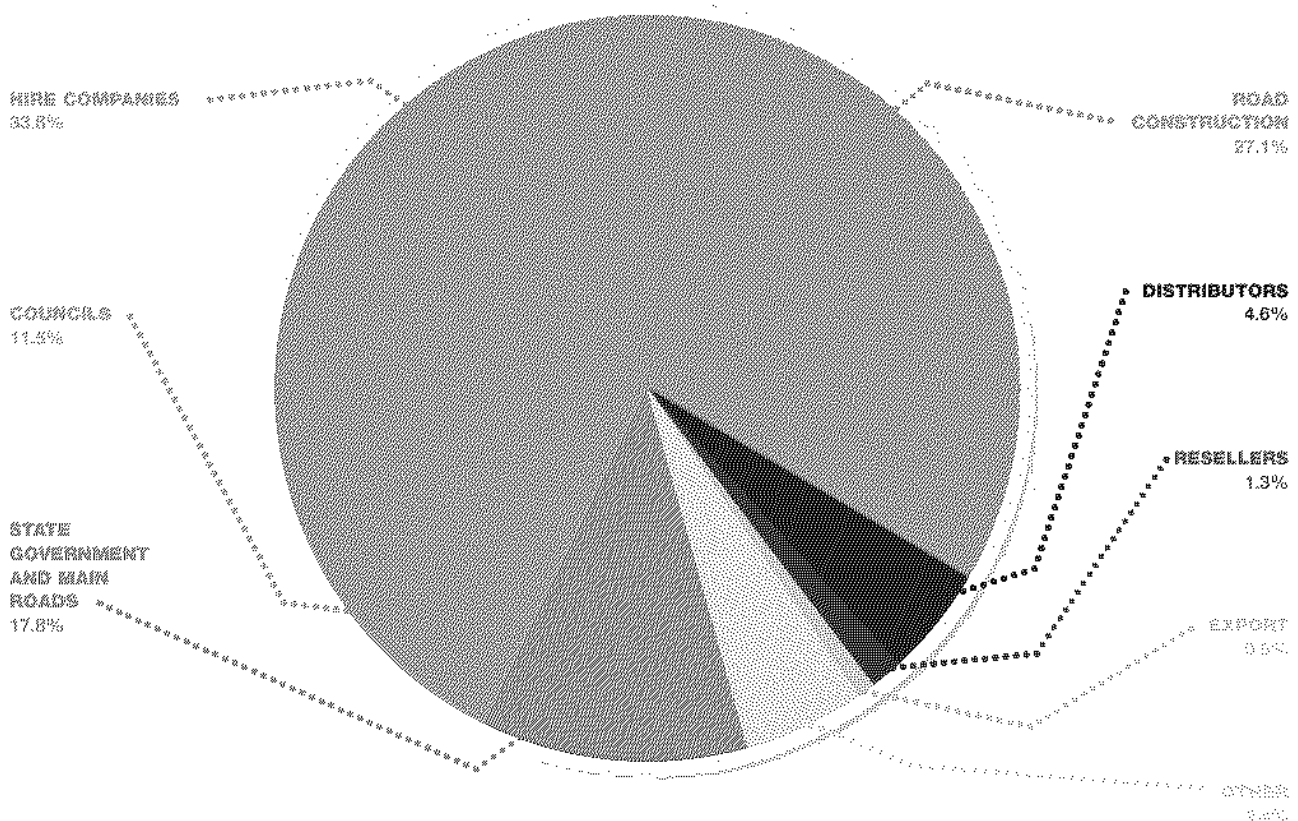


3.7 Customers

Saferoads' customers include:

- State Governments;
- Local Governments;
- road construction companies; and
- hire companies.

Sales by Customer Base 2004 – 2005



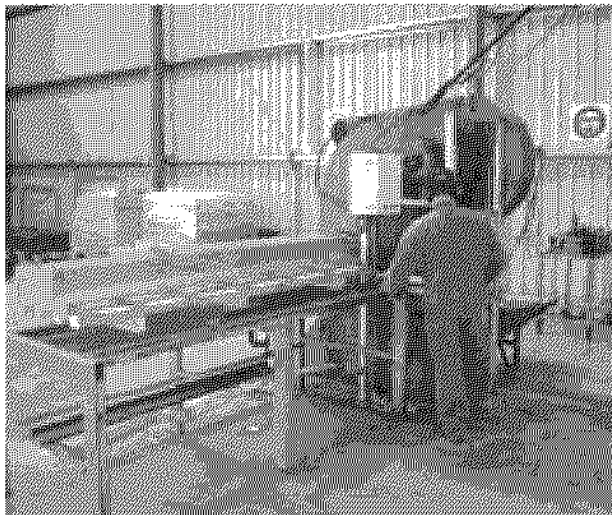
3.8 Manufacturing Facilities

Saferoads' own manufactured and assembled products accounted for 27% of its sales in FY2005. Its Drouin premises, which are owned by Saferoads, comprise approximately 2,600 sq metres of warehouse, manufacturing and office space.

Since the construction of the initial office and manufacturing facility in FY1999, a warehousing facility was constructed in FY2002 and the office facility was extended in FY2003.

Manufacturing and assembly processes carried out by Saferoads include the following:

- fabrication of Workzone, Crash Cushions and Barriers and Traffic Calming products;
- assembly of signs;
- assembly of guide posts;
- preparing kerbing systems to customer requirements, together with assembly of roundabouts, speed cushions and speed humps;
- production of hinges from car tyres for use in flexible guide posts and signage; and
- assembly of the Ironman barrier.



3.9 Growth Strategy

Saferoads has the following growth objectives over the next 5 years:

- continue to promote and grow market share for Ironman and Triton barriers as a substitute for traditional concrete barriers;
- maintain current levels of guardrail sales and installation activities. This is a price sensitive and highly competitive market;
- develop new generation safety barriers. Saferoads believes that the next generation of roadside safety barriers should focus on vehicle containment and performance and the cost of repair and restoration after impact should be minimal;
- increase its range of imported products and components, reduce costs and increase profit margins; and
- explore acquisition targets.

4 Directors and Management

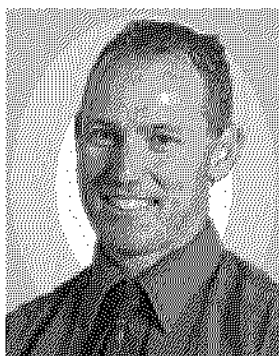
4.1 Directors



Gary Charles Bertuch

Non-executive Chairman
B.E. (Hons), Grad. Dip. B.A.,

Gary's early experience includes positions with Dunn Air Conditioning, Alandown (as an equity partner and Director) and Computer Site Engineering (where he was Managing Director until 1989). In 1993, Gary was one of three partners who successfully established Australia's first public hydro electric company, Pacific Hydro Limited, via a \$20m initial public offering. He later became the director responsible for the development of the \$75m Ord Hydro Electric scheme. Over recent years, Gary has been operating as a business developer. He graduated with honours from Monash University in 1971 as a Bachelor of Engineering.



Darren Hotchkin

Managing Director

Darren started his first business in 1987, Warragul Auto Repairs, selling the business after three years. In 1990 he started Hotchkin's Tyrepower. He sold this business in 1992, allowing him to commercialise his invention of the rubber guidepost which was manufactured from recycled car tyres through a new company, now trading as Saferoads.

Darren's key roles and contribution to the business have been in the areas of research and development of Saferoads' product range and manufacturing processes, business development and marketing.



Duncan F. Smith

Non-executive Director
Dip. Bus. (Acct), FCPA, FTIA, AAIM, CFP

Duncan was a founding director and shareholder of Saferoads. He is a partner in Smith McCarthy Wilson, accountants and advisors. Duncan has been in public practice as an accountant since 1977 and a partner or principal in accounting firms since 1981 advising small to medium enterprises in a diverse range of industries, in management, taxation and financial matters. A financial planner since 1996, Duncan is an authorised representative of Lonsdale Financial Group Limited. Duncan is a Trustee of The Andrews Foundation (a charitable trust) and a member of the Board of management of the West Gippsland Health Care Group. He is a director of a number of private companies.

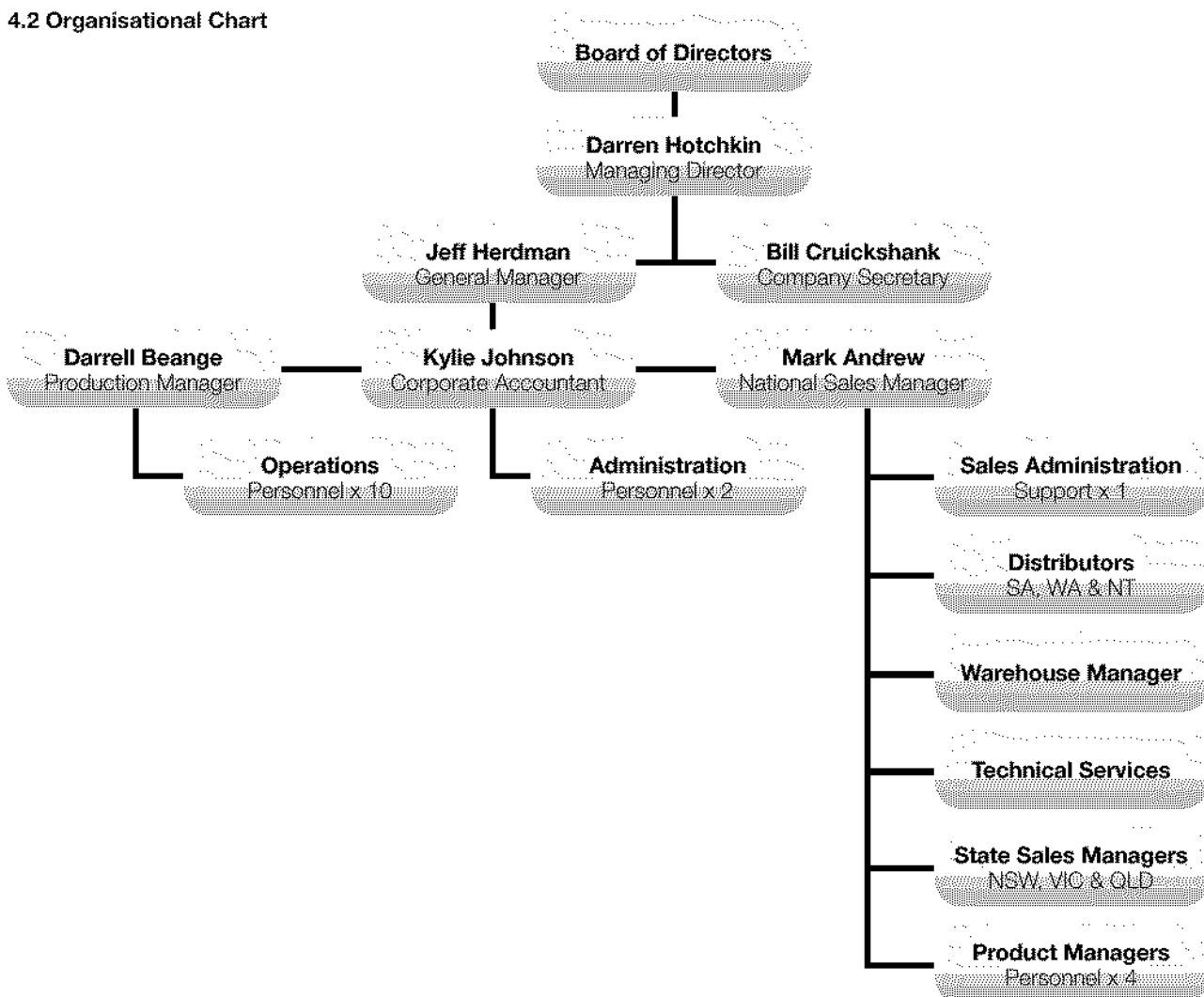


Gerard (Ged) Keeghan

Non-executive Director
B. Bus. (Acc), Grad. Dip., ASCPA, FAICD

In 1988, Ged became Chief Executive of the Standard Roads Group, the largest privately owned enterprise of its type in Australia. Ged was appointed to the Boards of the Standard Roads Group's civil construction businesses, Standard Roads Constructions Pty Ltd and Akron Roads Pty Ltd, and its construction materials operations, Astec Pty Ltd, in 1992. In 2002, the construction and materials businesses were sold to New Zealand's Fulton Hogan Pty Ltd, who rebranded the combined businesses as FRH Group. Ged is currently Chief Executive and Executive Director of TPC Group, a family owned business with developments in Victoria, New South Wales and Queensland.

4.2 Organisational Chart



4.3 Other Senior Management

Jeff Herdman, General Manager

Jeff joined Saferoads in 1995. At Saferoads Jeff is responsible for the management of the operations and sales side of the business, which includes:

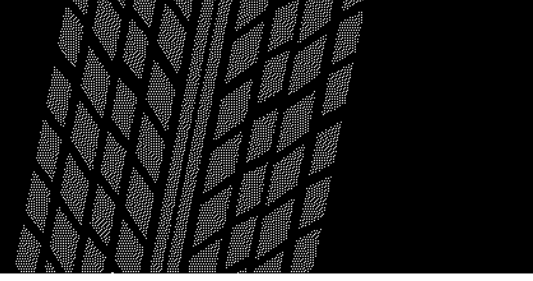
- control of the production staff through the Production Manager;
- overview of financial performance through the Corporate Accountant;
- overview of the sales staff and distributors through the National Sales Manager; and
- budget setting and achievement.

More recently, since Saferoads has grown and additional middle management personnel have been employed, Jeff has been able to devote more time to working with the Managing Director in developing the business and the future direction of the Company.

Darrell Beange, Production Manager

Darrell has owned and/or operated a number of small businesses. He joined Saferoads in March 2000.

His key responsibilities include ensuring products are manufactured and assembled to meet sales requirements, ensuring cost effective purchasing of products used in manufacture and liaison with external contractors who produce and/or assemble some of Saferoads' products.



Kylie Johnson, Corporate Accountant

Kylie joined Saferoads as Corporate Accountant in July 2005. Previously she worked for Philip Morris Limited for 4 years in Financial Accounting and Management Accounting.

She holds a Bachelor of Business (Accounting) obtained from Swinburne University of Technology. As Corporate Accountant, Kylie is responsible for monthly variance reporting analysis, assisting in developing the company budget, monitoring cash flows, controlling debtors, ensuring compliance with statutory tax and reporting requirements and other administration functions.

Bill Cruickshank , Company Secretary

Bill has a Bachelor of Business with a major in Accounting and sub-majors in Law and Economics. He has a wide experience in manufacturing accounting involving product costing, budget setting, monthly reporting and providing analysis to senior management.

Bill joined Saferoads in June 2002. For his first three years with Saferoads, Bill was in the role of Finance/Administration Manager. During this time he oversaw the successful implementation of a Quality and Environmental Management system. As from October 2005, he has taken on the role of Company Secretary, together with administration support for the Tenders Contracts division.

Mark Andrew, National Sales Manager

Mark has had a career in sales, working first as a Sales Engineer in the Agricultural Industry. In 1998 Mark moved into a Senior Management/Sales role and was responsible for a small team of country based sales staff. In 2004 Mark accepted a position with Saferoads as National Sales Manager. At Saferoads Mark is responsible for the management of all sales and marketing of Saferoads products. Mark currently supervises ten sales personnel.

4.4 Employees

As at the date of this Prospectus, Saferoads employed a total of 28 people in Australia including 11 people in sales and marketing, 10 people in operations/warehousing and 7 in accounting, human resources and administration. In addition, Saferoads outsources certain activities such as the installation and assembly of products and the distribution of products in South Australia, Western Australia and Northern Territory.

4.5 Composition of the Board

Saferoads acknowledges the importance of having independent Directors as determined by objective criteria and the important role they serve in assuring Shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. Importantly, the Company is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial and operational performance of Saferoads and maximise returns to all Shareholders.

A non-executive Director is considered to be independent if he or she:

- is not a substantial shareholder (i.e. holding more than 5% of the Company's issued share capital), a representative of an investor considered to be a substantial shareholder or able to influence the voting decision of a substantial shareholder;
- has not, within the last three (3) years, been employed in an executive capacity by Saferoads;
- has not, within the last three (3) years, been a principal of a material professional adviser to Saferoads;
- is not a material supplier to or customer of Saferoads or an officer of or otherwise associated (directly or indirectly) with a material supplier or customer;
- has no material contractual relationship with Saferoads other than as non-executive Director; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The Board considers all of its non-executive Directors to be independent, other than Mr Duncan Smith.

4.6 Board Responsibilities

The Board is responsible for the overall Corporate Governance of Saferoads. In particular, the Board is responsible for:

- promoting ethical and responsible decision-making;
- ensuring compliance with the Corporations Act, accounting standards, ASX Listing Rules and all other appropriate laws;
- setting and reviewing strategic direction and approving the annual operating budget;
- establishing goals for management and monitoring the achievement of these goals;
- monitoring the operating and financial performance of Saferoads;
- monitoring the performance of the Board, the Managing Director and executive management ensuring a clear link between performance and remuneration;
- ensuring that an appropriate overall framework of internal control is in place to facilitate efficient decision-making and monitor business risk;
- ensuring that capital markets and Shareholders are fully informed of material developments through effective compliance with continuous disclosure best practice; and
- recognising the legitimate interests of all stakeholders.

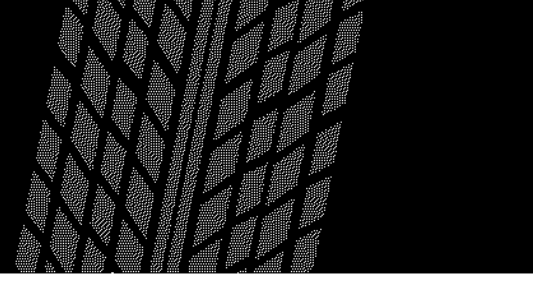
The Board plans to meet up to ten (10) times a year on a regular basis and otherwise as required. In addition, the Board plans to meet annually with senior Management to discuss and set future strategy.

4.7 Board Committees

To assist in the execution of its responsibilities, the Board has established an Audit and Risk Committee and a Remuneration Committee. The members of each of the Audit and Risk and Remuneration Committees will comprise the non-executive Directors.

The Board does not believe a separate nominations committee serves any useful purpose and is inconsistent with the Company's current size and status. Responsibilities normally associated with such a committee in larger organisations remain with the Board.

These responsibilities include reviewing the performance of the Board and its committees and periodically reviewing the composition of the Board to maintain an appropriate mix of qualifications, skills and experience consistent with Saferoads' needs and strategic direction.



4.7.1 Audit and Risk Committee

Ged Keeghan is Chair of Saferoads' Audit and Risk Committee. The role of the Audit and Risk Committee is to:

- advise, maintain and monitor business risk through an appropriate internal control framework;
- assist the Board in fulfilling its audit, accounting and reporting obligations;
- monitor compliance with legal and statutory obligations;
- monitor the performance and independence of the external auditor and the provision of additional services by the auditor's firm; and
- ensure appropriate ethical standards for the management of Saferoads.

The Managing Director will be invited to Audit and Risk Committee meetings at the discretion of the Committee.

The Board and the Audit and Risk Committee will review the performance of and monitor the independence of the external auditor on an annual basis.

The Audit and Risk Committee will meet with management, with and without the auditor being present, and also with the auditor without management being present.

It is proposed that representatives of the Company's auditor will attend Shareholder meetings and make themselves available to answer Shareholders' questions about the conduct of the audit, the preparation and content of the Financial Statements and their audit report.

4.7.2 Remuneration Committee

Gary Bertuch is Chair of the Remuneration Committee. The Managing Director will be invited to Remuneration Committee meetings as required to discuss management performance and remuneration packages. The Remuneration Committee will meet as required.

The Remuneration Committee will advise the Board on remuneration policies and practices generally and will review and make specific recommendations on the remuneration package and other terms of employment of the Managing Director, other senior executives and non-executive Directors.

Remuneration of non-executive Directors is determined by the Board, within the maximum amount approved by Shareholders from time to time. The current maximum amount is \$200,000. It is proposed that the fees of the Chair will be \$50,000 per annum (excluding superannuation) and that the fees of each other non-executive Director will be \$30,000 per annum (excluding superannuation).

The Board will undertake an annual review of its performance and the performance of its Committees. Whilst performance related bonuses will be available to executives, they will not be payable to non-executive Directors.

4.8 Communications with Shareholders

Information is proposed to be communicated to Shareholders as follows:

- the annual financial report will be distributed to all Shareholders (unless a Shareholder has specifically requested not to receive the document). The annual financial report will include relevant information about the operations of Saferoads during the year, changes in the state of affairs of Saferoads and details of future developments;
- the half-yearly report will be distributed to all Shareholders (unless a Shareholder has specifically requested not to receive the document). The document will contain summarised financial information and a review of the operations of Saferoads during the period; and
- all announcements and broker/investor relations presentations will be made available on the Company's website as soon as practicable after their release to the ASX.

4.9 Securities Trading Policy

All Saferoads' Directors and employees are prohibited from dealing in any of the Company's securities without the approval of one of the non-executive Directors. It is also contrary to the Company's policy for Directors and employees to be involved in short term trading of the Company's securities. Generally, dealing in the Company's securities will be approved during specified periods after the release of the Company's results and after the annual general meeting.

5 Financial Information

This section contains a summary of the historical financial information and the forecast financial information of the Group.

All financial information in this section should be read in conjunction with and is qualified in its entirety by the information contained elsewhere in this Prospectus, including the risk factors described in Section 6.

Unless otherwise stated, the financial information has been prepared in accordance with and on the basis of the accounting policies outlined later in this Section and in Section 7. These accounting policies comply with Australian equivalents to International Financial Reporting Standards.

5.1 Summary Statements of Historical and Forecast Financial Information

The table below sets out a summary of the historical financial information and forecast financial information. The Directors' forecast for the 12 months ending 30 June 2006 is based on the unaudited actual results for the three months ended 30 September 2005 together with a forecast for the following period.

The Directors' forecast for the year ending 30 June 2006 reflects an assessment based on present circumstances of the most likely courses of action. The forecast is based on a number of best-estimate assumptions relating to future events and/or actions which, at the date that the forecast was prepared, the Directors expected to take place. The assumptions are detailed below at sections 5.3 and 5.4. These events and/or actions may, or may not, take place. Accordingly, no guarantee is given that the forecast will be achieved.

Pitcher Partners Corporate Pty Ltd has prepared a report on the Directors' forecast for the year ending 30 June 2006. This report is set out in Section 7.

The financial statements of Saferoads Pty Ltd for the two years ending 30 June 2005 were audited by Armitage Downie & Co. A summary of Saferoads' financial results extracted from the audited financial statements together with the Directors' forecast for the year ending 30 June 2006 are set out below:

\$A	Normalised Year ended 30 June 2004	Normalised Year ended 30 June 2005	Forecast Year ending 30 June 2006
Revenues from operating activities	15,488,927	22,764,348	26,101,200
Revenues from non-operating activities	356,982	153,897	-
Total revenues	15,845,909	22,918,245	26,101,200
Operating expenses	(12,733,471)	(19,806,123)	(22,084,950)
Reported net profit before income tax	3,112,438	3,112,122	4,016,250
Normalisation adjustments:			
Net gain on disposal of business segment	(226,517)	-	-
Costs associated with public company	-	-	(260,000)
Adjusted net profit	2,885,921	3,112,122	3,756,250
Adjusted income tax expense*	(866,708)	(921,455)	(1,096,875)
Adjusted profit after tax	2,019,213	2,190,667	2,659,375

* Adjusted income tax expense assumes the tax impact of the normalisation adjustments at the current corporate income tax rate of 30%.

5.2 Management Discussion of the Historical Financial Information

A review of Saferoads' historical financial information is set out below.

12 months ended 30 June 2004:

- Sales increased largely due to strong demand for Triton barriers.
- During the year Saferoads began supplying and installing safety barriers.
- Saferoads benefited from a higher Australian dollar versus the US dollar for sales of US originated products.
- Saferoads continued to increase the outsourcing of manufactured products.
- Saferoads sold its non-road safety businesses.
- Saferoads restructured, then increased sales staff by three.

12 months ended 30 June 2005:

- Sales increased largely due to the introduction of the Ironman barrier, growth of sales and installations of guardrail and the introduction of variable messaging products.
- Margins were lower due to the cost of introducing new products and increases in steel prices.
- Saferoads developed Snaplock guideposts and superflex posts during the year.
- Saferoads appointed a National Sales Manager and increased sales and financial support staff.

5.3 Forecast Financial Information - General Assumptions

The following are the general assumptions underlying the forecast financial information.

- No further Shares are issued during the forecast period.
- No change in business strategy other than that outlined in the Prospectus.
- No changes in statutory or regulatory requirements or the competitive environment which have a material effect on the Company's operations or trading.
- No material changes in industrial, political and economic conditions in Australia and/or any of the countries where Saferoads intends to operate during the forecast period.
- No changes in current tax legislation in the relevant operating jurisdictions.
- No change in current Australian accounting standards which has a material impact on the results of the Company.
- Saferoads' accounting policies remain consistent throughout the forecast period with those in the prior year and as disclosed in the Investigating Accountant's Report in Section 7.

5.4 Forecast Financial Information - Key Assumptions

The following are the key forecast assumptions underlying the forecast financial information.

- Gross revenue for Saferoads in Australia will increase from \$22.9m in FY2005 to \$26.1m in FY2006 through an increase mainly in:
 - sales of workzone products to hire companies, in particular, Triton barriers and Ironman barriers.
 - sales and installation of guardrail through tenders of road authorities.
- Gross revenue in Australia has been forecast based on the mid-point of the Directors' estimate of the size of the Australian road safety market.
- Gross margins in Australia will remain consistent with those achieved in the 6 months to 30 June 2005 and margins from overseas billings will be at a similar level.
- No interest is earned on cash at bank.
- IPO costs of approximately \$100,000 will be applied against retained earnings as at 30 June 2005.
- Income tax will be payable during the forecast period at the rate of 30%.

5.5 Sensitivity Analysis

The Directors' forecast is sensitive to variations in two key assumptions. The following table summarises the sensitivity of the forecast gross revenue and the gross margin on earnings before income tax ("EBIT") and profit after tax ("PAT").

YEAR ENDING 30 JUNE 2006 (\$'000)

Assumptions	Percentage change (+ or -)	Gross revenue impact	EBIT impact	PAT impact
Gross profit margin remains constant	Impact of a 5% change in total sales	+1,305	+329	+230
All other operating costs remain constant		-1,305	-355	-249
Gross profit increases as a result of an increase in sales	Impact of a 5% increase in total sales	+1,305	+329	+230
Gross margin decrease as a result of an increase in cost of sales		-0	-355	-249
All other operating costs remain constant.	Impact of a 5% increase in cost of goods sold	-0	-355	-249

5.6 Pro Forma Assumptions

The following is a summary of the significant transactions that have occurred or are likely to occur by the time of the completion of the Offer. These transactions are assumed to have occurred at 30 June 2005 for the purposes of the consolidated pro forma statement of financial position.

- The incorporation of Saferoads Holdings Limited, a company limited by shares, in October 2005.
- The issue of 23,000,000 ordinary shares as consideration for the acquisition of 100% of the shareholding in Saferoads Pty Ltd via a "scrip for scrip" share issue.
- The payment of \$100,000 of costs relating to the Prospectus borne by the Company.
- The offer of 11,500,000 shares at \$1.00 per share to the public which will not directly impact on the financial position of Saferoads Holdings Limited.
- The pro forma comprises Saferoads Holdings Limited and its controlled entity, Saferoads Pty Ltd, the operating company.
- The payment of a fully franked dividend of \$1.2 million by Saferoads Pty Ltd to shareholders prior to the corporate restructure funded by cash and debtor receipts.

5.7 Pro Forma Statement of Financial Position

Set out below is the pro forma statement of financial position of Saferoads Holdings Limited which reflects the pro forma adjustments to the audited statement of financial position of Saferoads Pty Ltd as at 30 June 2005 to incorporate the accounting impact of the significant transactions that are likely to occur which are contingent upon the completion of the Offer.

This statement assumes that these pro forma transactions outlined in section 5.6 have occurred as at 30 June 2005.

The pro forma consolidated statement of financial position and accompanying notes together with an extract of the historical audited statutory accounts, including the notes thereto, and other financial information are detailed in the Investigating Accountant's Report prepared by Pitcher Partners Corporate Pty Ltd set out in Section 7.

SAFEROADS HOLDINGS LIMITED STATEMENT OF FINANCIAL POSITION	As at 30 June 2005 Audited (Saferoads Pty Ltd)	As at 30 June 2005 Pro Forma (Consolidated)
CURRENT ASSETS	\$	\$
Cash	384,545	-
Receivables	6,206,640	5,391,185
Inventories	1,407,514	1,407,514
Other	22,281	22,281
TOTAL CURRENT ASSETS	8,020,980	6,820,980
NON CURRENT ASSETS		
Property, Plant & Equipment	1,215,506	1,215,506
Intangible Assets	60,394	20,379,191
Deferred tax assets	39,171	39,171
TOTAL NON CURRENT ASSETS	1,315,071	21,633,868
TOTAL ASSETS	9,336,051	28,454,848
CURRENT LIABILITIES		
Payables	4,724,465	4,824,465
Interest-bearing liabilities	146,830	146,830
Current tax liabilities	392,967	362,967
Provisions	105,216	105,216
TOTAL CURRENT LIABILITIES	5,369,478	5,439,478
NON CURRENT LIABILITIES		
Interest-bearing liabilities	60,016	60,016
Provisions	25,354	25,354
TOTAL NON CURRENT LIABILITIES	85,370	85,370
TOTAL LIABILITIES	5,454,848	5,524,848
NET (LIABILITIES)/ASSETS	3,881,203	22,930,000
EQUITY		
Contributed equity	100,000	23,000,000
Retained profits	3,781,203	(70,000)
TOTAL EQUITY	3,881,203	22,930,000

5.8 Directors' Statement on Cash Flow.

On completion of the Offer, and together with revenues generated from Saferoads' business, the Directors believe that Saferoads will have sufficient working capital to carry out its objectives as stated in the Prospectus.

6 Risk Factors

6.1 Introduction

An investment in Saferoads involves a degree of risk. There are a number of factors that may have a material adverse effect on Saferoads' future operating and financial performance and its ability to achieve the Directors' forecast set out in Section 5.

Saferoads' business activities are subject to risk factors both specific to its business activities and those of a general nature. If any of the risks associated with Saferoads materialised, Saferoads' business, results of operations, financial condition and prospects could be materially and adversely affected, which could result in the loss of all or part of your investment. The principal risk factors are described below. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of Saferoads and cannot be mitigated.

In addition, potential investors should be aware that the value of Saferoads' securities on ASX may rise and fall depending on a range of factors that affect the market price of securities. These include local, regional, and global economic conditions and sentiment towards equity markets in general. The Shares offered under this Prospectus carry no guarantee with respect to profitability, payment of dividends, return of capital or the price at which the Shares may trade on the ASX.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to apply for Shares. You should also seek your own professional advice in relation to the risks associated with an investment in Saferoads and should make your own assessment as to whether to invest in Saferoads.

6.2 General Market Risk

The trading price of Shares at any given time may be higher or lower than the price paid to acquire Shares under this Offer. Further, there can be no assurance that an active trading market will develop in the Shares.

The market for shares in small capitalisation companies has typically been more volatile than other share investments. Such shares have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. A significant decline in the stock market performance of small capitalisation companies is likely to have a material adverse effect on the price and liquidity of the Shares.

Many other factors will also affect the price of the Shares, including general fluctuations in the performance of local and international stock markets, movements in interest rates and exchange rates, general economic conditions and investor sentiment.

6.3 Operating History

Saferoads was formed and commenced operations in 1992. However, Saferoads has not yet operated as an ASX listed company. Accordingly, investors can only evaluate Saferoads' business based on an operating history as a private company. Investors should consider Saferoads' prospects for revenue growth in light of the risks, expenses and difficulties typically encountered by companies that become listed. Whilst Saferoads has experienced considerable growth in revenues since commencing operations, there can be no assurance that this revenue growth will continue or that Saferoads will operate profitably in the future.

6.4 Prices

The behaviour of competitors combined with the price and supply terms of substitute products may influence the outcome of price negotiations. No assurance can be given regarding future prices for Saferoads' products.

6.5 Management of Growth

Implementation of Saferoads' growth strategy is likely to require additional staffing, management, operations and systems resources. In addition, Saferoads' expansion into new road safety products or businesses may detract from management's attention to Saferoads' existing operations. There is also a risk that Saferoads may not be able to deploy suitable resources (including staff) to take advantage of the growth opportunities.

6.6 Industry Risk

There is a risk that industry sales may decline should either State or Local Governments or hire companies reduce their spending on road safety products.

6.7 Competition

Saferoads expects that the road safety sector market will become increasingly competitive having regard to, among other things, the low barriers to entry into the market.

Saferoads is likely to face increasing and intense competition from national or international companies with greater capital and technological resources and other strategic advantages. The industry is currently undergoing a period of consolidation, which may accelerate this trend.

Saferoads can provide no assurance that it will be able to compete effectively with existing or new competitors or that increased competition will not have a material and adverse effect on Saferoads' future operating and financial performance. In particular, increased competition may have an adverse effect on Saferoads' margins.

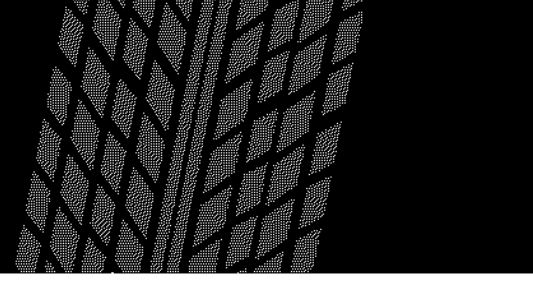
6.8 Product Development

An important element of Saferoads' business is an ability to identify, assess and develop products that appeal to Saferoads' target market. Saferoads has been successful to date in this regard. However, continued product development by competitors and the inability of Saferoads to compete on both price and functionality may result in customers using substitute products. This may adversely affect the Company's financial performance.

Further, management may underestimate production costs in manufacturing a new product. The realised margin may be either less than expected or Saferoads may incur a loss on the manufacture and sale of the product.

6.9 Product Reliability

Saferoads maintains an internal risk management process and also follows quality assurance procedures in relation to the manufacture and distribution of its products. Saferoads also provides a five year warranty on a variety of products or parts that it manufactures. It is possible that claims against Saferoads could arise from defects in products manufactured and distributed by Saferoads or from customers abusing or using Saferoads' products contrary to instructions. Should any claims against Saferoads arise that are successful, and there is not sufficient insurance coverage, this is likely to have an adverse effect on the financial performance of Saferoads.



6.10 Disruption of Business Operations

As a manufacturer and distributor, Saferoads is exposed to a range of operational risks relating to both current and future operations. Such operational risks include equipment failures, external services failure, industrial action or disputes and natural disasters. If one or more of these operational risks materialise, they may have an adverse impact on the operating and financial performance of Saferoads.

6.11 Occupational Health and Safety

In common with many industrial companies, Saferoads faces the risk of work place injuries which may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions. Further, the production processes used in conducting Saferoads business can be dangerous. Saferoads has in place a range of practices and policies which seek to provide a safe and healthy working environment for its employees, customers, visitors and community.

Whilst the Company believes that appropriate safeguards have been put in place by Saferoads, its production processes could result in serious injury to employees or other persons and give rise to liability under occupational health and safety laws and regulations and also under the general law.

6.12 Insurance

Insurance of risks associated with industrial manufacturing companies is sometimes unavailable and may attract large premiums. Accordingly, no assurance can be given that Saferoads will be able to obtain such insurance coverage at reasonable rates or at all, or that any coverage it arranges will be adequate and able to cover any such claims. If Saferoads incurs uninsured losses or liabilities, this could have a material adverse affect on the financial performance and position of Saferoads.

6.13 Capital Expenditure

The Company's forecasts are based on certain assumptions in relation to the level of capital expenditure required to maintain its operations. If the level of capital expenditure required is higher than expected, or if capital expenditure must be undertaken earlier than anticipated, or if there is a significant operational failure requiring capital expenditure, the financial performance of the Company may be affected.

6.14 Intellectual Property

Saferoads' own manufactured products are largely supported by various intellectual property rights in the form of registered and pending patents in Australia, New Zealand, Canada, South Africa and the United States of America. The laws of some foreign jurisdictions may provide less protection than the intellectual property laws of Australia. Unlicensed use of Saferoads' intellectual property may have an adverse effect on Saferoads and there is no assurance that Saferoads' legal remedies arising from its intellectual property rights would adequately compensate Saferoads for damages arising from infringing use. Conversely, whilst Saferoads is not aware of any of its products infringing the intellectual property rights of third parties, there is no assurances that a third party will not make a claim against Saferoads for infringement. Regardless of the merit of any claim made by third parties asserting infringement of intellectual property rights, Saferoads could incur substantial costs in defending its use of products and its own intellectual property rights.

6.15 Reliance on Certain Customers

A significant proportion of Saferoads' revenues is currently derived from a relatively small number of its customers. It is expected that a small number of its customers will continue to provide a relatively large proportion of Saferoads' revenue for the foreseeable future.

Saferoads cannot be certain that the customers that have provided the basis for significant revenues in the past will continue to generate revenue for Saferoads in the future or that they will remain customers of Saferoads, having regard, among other things, to the short term nature of most of Saferoads' contracts.

6.16 Reliance on Quixote

A significant proportion of Saferoads' revenue is derived from the distribution of products supplied by Quixote Corporation and its related entities. It is expected that this will continue for the foreseeable future.

While it has no reason to believe otherwise, Saferoads cannot guarantee that Quixote will continue its existing distribution agreement with Saferoads beyond 30 June 2006 or that Quixote's products will continue to be sought after by customers.

6.17 Reliance on Key Personnel

Saferoads' business development has been, and is likely to continue to be, largely dependent upon the commitment and expertise of its founding shareholder and Managing Director, Darren Hotchkin. The Company has entered into a service agreement with Mr Hotchkin, a summary of which is provided in Section 8.7.2.

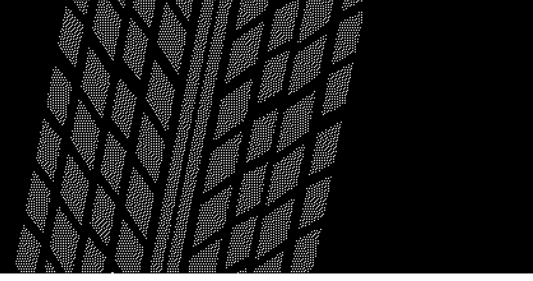
The loss of, or significant interruption to, the continued full-time services of Mr Hotchkin would be likely to have a material adverse effect on Saferoads' future operating and financial performance.

6.18 Dependence on Infrastructure Spending

Infrastructure spending has experienced, and is expected to continue to experience, growth in terms of the number of road users and the volume of traffic. Saferoads' business prospects depend on the growth of road infrastructure to support growth in the use of the road usage as a medium for transport. There can be no assurance that road infrastructure growth will continue.

6.19 Regulation of Road Safety Products

While minimal regulation currently applies to Saferoads' activities (other than laws applicable to businesses generally), it is possible that specific laws will be introduced in Australia or overseas with respect to road safety products which may have a material adverse effect on Saferoads' business. For example, laws may be established to address concerns relating to the liability of road safety product suppliers arising from motor vehicle accidents.



6.20 Uncertainty of Future Capital Needs and Additional Funding

The future capital requirements of Saferoads will depend on many factors, including the pace and magnitude of development of its business. The Company believes that its available cash will be adequate to satisfy its anticipated current working capital and other capital requirements. Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all.

6.21 Other Business Risks

The Directors of Saferoads have attempted to address relevant risks. However, there are other factors which are not specific to Saferoads, which may impact on Saferoads including:

- government economic policies;
- foreign exchange rates;
- interest rate changes;
- taxation policies;
- inflation rate changes;
- business confidence and consumer sentiment;
- changes in investors' attitudes towards industrial supply businesses;
- the state of the world stock markets; and
- the state of the Australian and global economies.



PITCHER PARTNERS
CORPORATE PTY LTD

4 November 2005

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Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL AND FORECAST FINANCIAL INFORMATION

This report has been prepared at the request of the Directors of Saferoads Holdings Limited ("the Company") for inclusion in a Prospectus to be dated on or around 4 November 2005 in connection with the initial public offering of 11.5 million ordinary shares in the Company at \$1.00 each totaling \$11.5 million and its subsequent listing on the ASX ("the Offer").

The Offer entails the existing shareholders of the Company who hold 23 million shares divesting 50% of their interest in the Company to the public.

Pitcher Partners Corporate Pty Ltd ("Pitcher Partners Corporate") has been requested to prepare a report covering the Historical and Forecast Financial information described below and disclosed in the Prospectus. Pitcher Partners Corporate holds the appropriate Australian Financial Services Licence for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Background

Saferoads was established in 1992 as DJH Developments Pty Ltd. The company subsequently changed its name during the 30 June 2002 financial year to Saferoads Pty Ltd.

In October 2005, the existing shareholders of Saferoads Pty Ltd incorporated Saferoads Holdings Limited, a public company limited by shares, and undertook the following transaction. The Company was interposed between the existing shareholders and Saferoads Pty Ltd through a "scrip for scrip" share issue.

In the process the existing shareholders of Saferoads Pty Ltd were issued 23 million ordinary shares in Saferoads Holdings Limited as consideration for the acquisition of 100% of the issued shares of Saferoads Pty Ltd by the Company. As a result of this transaction, Saferoads Holdings Limited became the holding company of Saferoads Pty Ltd, with 23 million shares on issue ("the Group").

Historical Financial Information

The Historical Financial Information set out in Sections 5.1 and 5.7 of the Prospectus and Appendix 2 of this report comprises:

- the Audited Statements of Financial Performance for the two years ended 30 June 2004 and 30 June 2005 of Saferoads Pty Ltd;
- the Audited Statement of Financial Position of Saferoads Pty Ltd as at 30 June 2005;
- the Pro forma Statement of Financial Position as at 30 June 2005 of the Group conforming with the Australian equivalents of the International Financial Reporting Standards ("AIFRS") on the assumption that all transactions stated in Appendix 1 of this report have occurred or will occur as a consequence of the Offer proceeding;
- the Statement of Cashflows of Saferoads Pty Ltd for the two years ended 30 June 2004 and 30 June 2005; and
- the notes to the above Historical Financial Information.

The Historical Financial Information set out in Appendix 2 of this report has been extracted from the audited financial statements of Saferoads Pty Ltd. The financial statements were audited by Armitage Downie & Co who issued unqualified audit reports in respect of the financial statements of Saferoads Pty Ltd for the financial years ended 30 June 2004 and 30 June 2005.

The Pro forma Statement of Financial Position includes Saferoads Holdings Limited and Saferoads Pty Ltd. The Pro forma Statement of Financial Position discloses the transactions expected to occur at the listing date as if they had occurred at 30 June 2005 and assumes that Saferoads Holdings Limited was the holding company as at 30 June 2005.

The Directors of the Company are responsible for the preparation of the Historical Financial Information. The Directors have also considered the impact of AIFRS on the accounting policies of the Group and where necessary have revised the accounting policies to conform with AIFRS. The accounting policies are set out in Appendix 2 of this report and in the notes to the Financial Statements included in this report.

Forecast Financial Information

The Forecast Financial Information outlined in Sections 5.1, 5.3 and 5.4 of the Prospectus comprises:

- the Forecast Consolidated Statement of Financial Performance for the year ending 30 June 2006 prepared in accordance with AIFRS; and
- best estimate assumptions underlying the Forecast Financial Information.

The Forecast Financial Information has been prepared by the Directors of the Company in order to provide potential investors with a guide to the potential financial performance of the Company for the year ending 30 June 2006.

The Directors are responsible for the preparation and presentation of the Forecast Financial Information, which is based on best-estimate assumptions relating to future events they expect to occur and actions that they expect to take, including the pro forma transactions.

The sensitivity analysis set out in Section 5.5 of the Prospectus highlights the impacts on the forecast financial performance of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company detailed in Section 6 of the Prospectus and the inherent uncertainty relating to the Forecast Financial Information. We disclaim any assumptions of responsibility for any reliance on this report or on the forecasts to which it relates for any other purposes other than for which it was prepared.



Scope

Review of Historical Financial Information

For the purposes of this report, we have reviewed the Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Historical Financial Information set out in Appendix 2 of this report is not presented fairly in accordance with the basis of preparation set out in Appendix 1 of this report.

Our review of the Historical Financial Information has been conducted in accordance with AUS 902 "Review of Financial Reports" applicable to review engagements. Our procedures included the following:

- enquiries and interviews with the directors, personnel and advisors of the Group;
- the performance of analytical procedures applied to the historical financial data;
- a review of work papers, accounting records and other documents of the Group and its auditors;
- a review of accounting policies for consistency of application and adjustments made to align the accounting policies to those of Saferoads Holdings Limited as set out in Appendix 2 of this report; and
- a review of the transactions incorporated in the Pro forma Statement of Financial Position as set out in Appendix 2 of this report.

These procedures have been undertaken to form an opinion whether, in all material respects, the Historical Financial Information is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

Review of Forecast Financial Information

We have reviewed the Forecast Financial Information together with the underlying assumptions on which the Forecast Financial Information is based as set out in Sections 5.1, 5.3 and 5.4 of the Prospectus in order to give a statement thereon to the Directors of the Company.

This report has been prepared having regard to the guidance set out in AGS 1062 "Reporting in connection with Proposed Fundraising" and Policy Statement 170 "Prospective Financial Information".

Our review of the Forecast Financial Information has been conducted in accordance with AUS 902 "Review of Financial Reports" applicable to review engagements. Our procedures consisted primarily of enquiry, comparison, and analytical review procedures including discussions with management and Directors of the Company of the factors considered in determining their assumptions. Our procedures included examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information and the evaluation of Accounting Policies used in the Forecast Financial Information. These procedures have been undertaken in order to state whether anything has come to our attention, which causes us to believe that:

- the Directors' best-estimate assumptions, as set out in Sections 5.3 and 5.4 of the Prospectus, do not provide reasonable grounds for the preparation of the Forecast Financial Information; and
- whether in all material respects, the Forecast Financial Information is not properly compiled on the basis of the Directors' best estimate assumptions, in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies of the Group to present a view consistent with our understanding of the Group's historical and forecast operations.



The Directors are responsible for the preparation of the Forecast Financial Information which is provided to potential investors as a guide to the Group's potential future performance. There is a significant degree of subjective judgment in the preparation of forecasts. As such, actual results may vary materially from the financial forecast information. Accordingly, investors should have regard to the investment risks and sensitivities outlined in Sections 5.5 and 6 of the Prospectus.

Our review, which is not an audit, is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards and provides less assurance than an audit. Accordingly, we do not express an opinion of the Forecast Financial Information.

The Forecast Financial Information relates to events and actions that have not yet occurred and may not occur. While evidence may be available to support the underlying assumptions, these assumptions are generally future-orientated and therefore speculative in nature. Actual financial performance may vary from the Forecast Financial Information presented in the Prospectus and such variations may be material.

Conclusion

Review statement on the Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information set out in Appendix 2 of this report does not fairly present:

- the Normalised Statement of Financial Performance of Saferoads Pty Ltd for the years ended 30 June 2004 and 30 June 2005;
- the Audited Statement of Financial Position of Saferoads Pty Ltd as at 30 June 2005;
- the Pro forma Statement of Financial Position of the Group as at 30 June 2005 assuming that all transactions outlined in Appendix 1 have occurred or will occur as a consequence of the Offer proceeding;
- the Statement of Cashflows for the Group for the years ended 30 June 2004 and 30 June 2005; and
- the notes to the above Historical Financial Information.

Review statement on the Forecast Financial Information

Based on our review, which is not an audit, of the Forecast Financial Information contained at Section 5.1, 5.3 and 5.4 of the Prospectus, nothing has come to our attention which causes us to believe that:

- the Directors' best-estimate assumptions do not provide reasonable grounds for the preparation of the Forecast Financial Information;
- the Forecast Financial Information is not properly compiled on the basis of the Directors' best-estimate assumptions; and
- the Directors' Forecast Financial Information is not itself unreasonable.

Actual financial performance is likely to be different from the Forecast Financial Information since anticipated events frequently do not occur as expected and the variations may be material. Accordingly, we express no opinion as to whether the Forecast Financial Information will be achieved.



Subsequent Events

Apart from the matters dealt with in this report, and having regard for the scope of our report, nothing has come to our attention that would cause us to believe that matters arising after 30 June 2005, other than the matters dealt with in this report or the Prospectus, would require comment on, or adjustment to, the information contained in this report, or would cause such information to be misleading or deceptive.

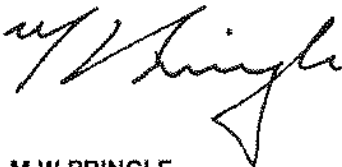
Independence and Disclosure of Interest

Pitcher Partners Corporate does not have any interest in the outcome of this Offer other than the preparation of this report, the provision of financial and taxation due diligence and other advisory services in relation to the Offer, for which normal professional fees will be received.

Financial Services Guide

Our Financial Services Guide has been included at the end of this report to assist retail investors in their use of any general financial product advice in our report.

Yours faithfully
PITCHER PARTNERS CORPORATE PTY LTD



M W PRINGLE
Director and Representative

APPENDIX 1



1. Normalisation Adjustments – Historical Trading Results

The normalisation adjustments pertaining to the Historical Financial information comprises the removal of the profit on a segment of the business sold during the 30 June 2004 financial year.

2. Pro Forma Assumptions

The following is a summary of the significant transactions that have occurred or are likely to occur by the time of the completion of the Offer. These transactions are assumed to have occurred at 30 June 2005 for the purposes of the Consolidated Pro Forma Statement of Financial Position.

- The incorporation of Saferoads Holdings Limited, a company limited by shares, in October 2005.
- The issue of 23,000,000 ordinary shares in Saferoads Holdings Limited as consideration for the acquisition of 100% of the shareholding in Saferoads Pty Ltd via a "scrip for scrip" share issue.
- The payment of \$100,000 of costs relating to the Prospectus borne by the company.
- The offer of 11,500,000 shares at \$1.00 per share to the public, which will not otherwise directly impact the Consolidated Pro Forma Statement of Financial Position of Saferoads Holdings Limited.
- The Consolidated Pro Forma Statement of Financial Position comprises Saferoads Holdings Limited and its controlled entity, Saferoads Pty Ltd, being the operating company.
- The payment of a fully franked dividend of \$1.2 million by Saferoads Pty Ltd to shareholders prior to the corporate restructure funded by cash and debtor receipts.

APPENDIX 2



Saferoads Holdings Limited Financial Information

Normalised Historical and Pro Forma Financial Statements

Set out below are the Pro Forma Consolidated Financial Statements of the Company and its controlled entity which reflects the pro forma adjustments to the audited financial statements of Saferoads Pty Ltd as at 30 June 2005 to give the accounting effect to the impact of the significant transactions that are likely to occur and are contingent upon the completion of the Offer.

These statements reflect the normalisation adjustments and pro forma transactions set out in Appendix 1 of this report.

STATEMENT OF FINANCIAL PERFORMANCE	Note	As at 30 June 2004 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$
Revenue from ordinary activities	2	15,845,909	22,918,245
Cost of sales	3	(10,102,968)	(16,685,060)
Employee benefits		(1,670,185)	(2,026,842)
Depreciation	3	(189,548)	(205,454)
Amortisation	3	(3,633)	(5,059)
Borrowing costs		(24,096)	(23,222)
Written down value of disposals of property, plant and equipment		(88,175)	(122,539)
Written down value of disposed business segment		(13,483)	-
Other expenses		(641,383)	(737,947)
Profit from ordinary activities before income tax expense		3,112,438	3,112,122
<i>Normalisation Adjustments</i>			
Net gain on disposal of business and fixed assets		(226,517)	-
Adjusted net profit		2,885,921	3,112,122
Income tax expense relating to ordinary activities	4	(866,708)	(921,455)
Profit from ordinary activities after income tax expense		2,019,213	2,190,667
Net profit attributable to the members of Saferoads Holdings Limited		2,019,213	2,190,667
Total changes in equity other than those resulting from transactions with owners as owners		2,019,213	2,190,667
*Adjusted income tax expense assumes the tax impact of the normalisation adjustments at the current corporate income tax rate of 30%.			

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION	Note	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Pro Forma (Consolidated) \$
CURRENT ASSETS			
Cash	6	384,545	-
Receivables	7	6,206,640	5,391,185
Inventories	8	1,407,514	1,407,514
Other	9	22,281	22,281
TOTAL CURRENT ASSETS		8,020,980	6,820,980
NON CURRENT ASSETS			
Property, Plant & Equipment	10	1,215,506	1,215,506
Intangible Assets	11	60,394	20,379,191
Deferred tax assets	12	39,171	39,171
TOTAL NON CURRENT ASSETS		1,315,071	21,633,868
TOTAL ASSETS		9,336,051	28,454,848
CURRENT LIABILITIES			
Payables	13	4,724,465	4,824,465
Interest-bearing liabilities	14	146,830	146,830
Current tax liabilities	15	392,967	362,967
Provisions	16	105,216	105,216
TOTAL CURRENT LIABILITIES		5,369,478	5,439,478
NON CURRENT LIABILITIES			
Interest-bearing liabilities	14	60,016	60,016
Provisions	16	25,354	25,354
TOTAL NON CURRENT LIABILITIES		85,370	85,370
TOTAL LIABILITIES		5,454,848	5,524,848
NET ASSETS		3,881,203	22,930,000
EQUITY			
Contributed equity	17	100,000	23,000,000
Retained profits	18	3,781,203	(70,000)
TOTAL EQUITY		3,881,203	22,930,000

The accompanying notes form part of these financial statements



STATEMENT OF CASH FLOWS	Note	As at 30 June 2004 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$
Cash flows from operating activities			
Receipts from customers		15,019,678	22,709,934
Payments to suppliers and employees		(12,071,146)	(19,735,142)
Interest received		10,393	11,610
Borrowing costs		(24,096)	(23,222)
Income tax paid		(1,106,225)	(793,342)
GST paid		(405,694)	(533,089)
Net cash flows from operating activities	19(b)	1,422,910	1,636,749
Cash flows from investing activities			
Purchase of property, plant and equipment		(488,879)	(443,651)
Purchase of intangibles		-	(18,182)
Proceeds from sale of property, plant and equipment		84,354	128,106
Proceeds from sale of business		240,000	-
Net cash flows used in investing activities		(164,525)	(333,727)
Cash flows from financing activities			
Proceeds from borrowings		227,363	210,416
Repayment of borrowings		(213,308)	(292,813)
Payments of dividends		(1,747,500)	(550,000)
Net cash flows used in financing activities		(1,733,445)	(632,397)
Net increase in cash held		(475,060)	670,625
Cash at the beginning of the year		188,980	(286,080)
Cash at the end of the financial year	19(a)	(286,080)	384,545

The accompanying notes form part of these financial statements

Saferoads Holdings Limited Notes to Financial Information

1. Notes to the Financial Statements

Basis of Preparation

The financial information has been prepared on the basis of assumptions outlined elsewhere in the Prospectus. In addition, the financial information has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations or non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial information has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial information presented in this Prospectus is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act, 2001.

a) Principles of consolidation

The consolidated pro forma financial information is prepared by combining the financial information of the parent entity, Saferoads Holdings Limited and its subsidiary, Saferoads Pty Ltd. The historical financial information is based on the subsidiary entity only, Saferoads Pty Ltd.

b) Recoverable amount of Non-Current Assets

Non-current assets are written down to their recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

c) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. Revenue is recognised for the major business activities as follows:

Revenue for the sale of goods is recognised according to the terms of the associated sales contract, only after substantially all the risks have passed to the customer.

Interest revenue is recognised as income in the year in which it is earned.



Saferoads Holdings Limited Notes to Financial Information

d) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Borrowing costs include finance lease charges.

e) Income Tax

The Company has adopted AASB 112 "Income Taxes" which is based on the principle that the current and future tax consequences of all transactions and other events recognised in an entity's balance sheet gives rise to current and deferred tax liabilities and assets. This standard adopts the notion of "tax base" and "temporary differences". Temporary differences between the tax base of an asset or liability and its carrying value amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. Deferred tax liabilities and deferred tax assets are generally for taxable and deductible temporary differences.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials costs are based on a first in first out basis. Finished goods costs include the cost of direct material and labour.

g) Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on other assets is calculated on either a diminishing value or a straight-line basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the Company. Estimates of remaining useful lives are made at each balance sheet date.

The expected useful lives are as follows:

- Plant and equipment: 2.5 - 5 years, depending on the nature of the asset.
- Buildings: 14 years.

h) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Saferoads Holdings Limited Notes to Financial Information

i) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of salaries and wages, annual leave and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration expected to apply at the time of settlement.

Provisions made for long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by Saferoads in respect of services provided by employees up to the reporting date.

j) Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually and is carried at cost less any accumulated impairment losses.

k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority.
- ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivable and payables.

l) Licence agreements

The costs of entering into licence agreements has been recognised as a non-current asset, and are being amortised over the life of the agreement.

m) Foreign Currencies

Transactions in foreign currencies are converted to local currency at the rate of exchange ruling at the date of transaction. Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.



**Saferoads Holdings Limited
Notes to Financial Information**

	As at 30 June 2004 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$
2. Revenues		
Revenue from ordinary activities		
Sales revenue	15,488,927	22,764,348
Revenue from non-operating activities		
Interest	10,393	11,610
Other	22,235	14,181
Proceeds on disposal of business segment	240,000	-
Proceeds on disposal of property, plant and equipment	84,354	128,106
	356,982	153,897
Total revenue from ordinary activities	15,845,909	22,918,245
3. Profit from ordinary activities		
Expenses	10,102,968	16,685,060
Cost of sales	189,548	205,454
Depreciation	3,633	5,059
Amortisation	24,096	23,222
Interest paid (other persons)	-	-
Remuneration of Auditors	-	-
Auditing services	8,200	13,500
Net gain on disposal of business segment	226,517	-
Net gain / (loss) on disposal of fixed assets	(3,821)	5,567
4. Income tax expense		
The prima facie income tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax expense on profit from ordinary activities before income tax at 30%	933,731	933,637
<i>Tax effect of:</i>		
- non deductible expenses	932	4,984
- tax concessional items	-	(17,166)
Reported income tax expense attributable to ordinary activities	934,663	921,455
<i>Normalisation Adjustments at 30%</i>		
Net gain on disposal of business segment	(67,955)	-
Adjusted income tax expense	866,708	921,455

**Saferoads Holdings Limited
Notes to Financial Information**

	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Pro Forma (Consolidated) \$
5. Dividends		
Franked dividends paid for the year	550,000	1,750,000
The amount of franking credits available for subsequent financial years are:	1,398,040	883,754
6. Cash		
Cash at bank and on hand	384,545 384,545	- -
7. Receivables		
Trade debtors	6,196,277	5,380,822
Director related party loans	10,363	10,363
	6,206,640	5,391,185
8. Inventories		
Stock on hand	1,407,514 1,407,514	1,407,514 1,407,514
9. Other current assets		
Prepayments	22,281 22,281	22,281 22,281
10. Property, plant and equipment		
Land at cost	57,000	57,000
Buildings, at cost	545,842	545,842
Accumulated depreciation	(169,425)	(169,425)
	376,417	376,417
Plant and equipment, at cost	1,214,863	1,214,863
Accumulated depreciation	(432,774)	(432,774)
	782,089	782,089
Total property, plant and equipment	1,215,506	1,215,506

a) MOVEMENTS IN CARRYING AMOUNTS	Land	Buildings	Plant & Equipment	Total
Balance at the beginning of the year	57,000	346,728	696,120	1,099,848
Additions		66,292	377,359	443,651
Depreciation expense		(36,603)	(168,851)	(205,454)
Disposals			(122,539)	(122,539)
Carrying amount at the end of the year	57,000	376,417	782,089	1,215,506



**Saferoads Holdings Limited
Notes to Financial Information**

	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Pro Forma (Consolidated) \$
11. Intangibles		
Goodwill on consolidation	-	20,318,797
Licence agreement	72,727	72,727
Less accumulated amortisation	(13,283)	(13,283)
	59,444	59,444
Preliminary costs	950	950
	60,394	20,379,191
12. Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee benefits	39,171	39,171
Net deferred tax assets	39,171	39,171
13. Payables		
Trade creditors	4,024,688	4,024,688
Accrued expenses	585,378	585,378
Accrued IPO listing costs	-	100,000
GST payable	114,399	114,399
	4,724,465	4,824,465
14. Interest bearing liabilities		
Current		
Hire purchase liabilities	146,830	146,830
	146,830	146,830
Non-current		
Hire purchase liabilities	60,016	60,016
	60,016	60,016

Hire purchase liabilities are secured by a charge over the asset financed.

**Saferoads Holdings Limited
Notes to Financial Information**

	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Pro Forma (Consolidated) \$
15. Current tax liabilities		
Income tax payable	392,967	362,967
	392,967	362,967
16. Provisions		
Current		
Annual leave	68,830	68,830
Long service leave	36,386	36,386
	105,216	105,216
Non-current		
Long service leave	25,354	25,354
	25,354	25,354
Total employee entitlements	130,570	130,570
17. Contributed equity		
23,000,000 ordinary shares (Actual 2005: 100,000) fully paid	100,000	23,000,000
	100,000	23,000,000
Reconciliation of equity		
Opening balance	100,000	-
Shares issued as a result of the IPO	-	23,000,000
Total	100,000	23,000,000
Reconciliation of equity	No.	No.
Opening balance	100,000	-
Shares issued as a result of the IPO	-	23,000,000
Total	100,000	23,000,000
18. Retained profits		
Balance at the beginning of the year	2,140,536	-
Net profit for the year	2,190,667	-
Dividends paid	(550,000)	-
Costs of public listing	-	(70,000)
Balance at the end of the year	3,781,203	(70,000)



**Saferoads Holdings Limited
Notes to Financial Information**

	As at 30 June 2004 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$
19. Cash flow note		
(a) Reconciliation of cash		
For the purposes of this statement of cash flows, cash includes cash on hand and in-at call deposits with banks and financial institutions net of any bank overdrafts		
Cash at bank and on hand	-	384,545
Bank overdraft	(286,080)	-
(b) Reconciliation of net profit after tax to the net cash flows from operations		
Profit from ordinary activities after income tax expense	2,177,775	2,190,667
Non cash items:		
Depreciation	189,548	205,454
Amortisation	3,633	5,059
Profit on disposal of property, plant and equipment	3,821	(5,567)
Profit on disposal of business segment	(226,517)	-
Changes in assets and liabilities		
Increase in receivables	(2,030,734)	(2,348,040)
Increase in inventories	(49,383)	(498,200)
Increase in other assets	(14,805)	(7,476)
Increase in deferred tax assets	(6,235)	(12,899)
Increase in payables	1,520,351	1,923,743
Increase in provisions	20,783	42,996
Increase in current tax liability	(165,327)	141,012
Total	1,422,910	1,636,749

Unused Credit Facilities

At the date of the Prospectus, Saferoads had not entered into a formal banking agreement with a financial institution. Saferoads does not therefore have any unused lines of credit.

**Saferoads Holdings Limited
Notes to Financial Information**
20. Financial Instruments
(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Interest Rate Risk

Saferoads' exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes, in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average interest rate	Non interest bearing	Variable interest rate	Fixed Interest Rate Maturing		Total
				Within 1 year	1 to 5 years	
Saferoads Pty Ltd	%	\$	\$	\$	\$	\$
Financial Assets						
- Cash	N/A	-	384,545	-	-	384,545
- Receivables	N/A	6,206,640	-	-	-	6,206,640
Total Financial Assets		6,206,640	384,545	-	-	6,591,185
Financial Liabilities						
- Payables	N/A	4,024,688	-	-	-	4,024,688
- Other payables	N/A	699,777	-	-	-	699,777
- Hire purchase	6.90	-	-	146,830	60,016	206,846
Total Financial Liabilities		4,724,465	-	146,830	60,016	4,931,311
Pro forma Consolidated						
Financial Assets						
- Cash	N/A	-	-	-	-	-
- Receivables	N/A	5,391,185	-	-	-	5,391,185
Total Financial Assets		5,391,185	-	-	-	5,391,185
Financial Liabilities						
- Payables	N/A	4,024,688	-	-	-	4,024,688
- Other payables	N/A	799,777	-	-	-	799,777
- Hire purchase	6.90	-	-	146,830	60,016	206,846
Total Financial Liabilities		4,824,465	-	146,830	60,016	5,031,311

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date recognised as financial assets is the carrying amount, net of any provisions for doubtful debts which is nil at 30 June 2005, as disclosed in the balance sheet and notes to the financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group, other than the economic dependency on Coates Shorco who contributed to 27% of Saferoads' sales in 2005.



**Saferoads Holdings Limited
Notes to Financial Information**

20. Financial Instruments (Cont.)

(d) Net Fair Values

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

	As at 30 June 2005 Actual (Saferoads Pty Ltd) \$	As at 30 June 2005 Pro Forma (Consolidated) \$
21. Segment Reporting		
The Group operates in the road safety products market in Australia.		
22. Commitments		
Hire purchase liabilities		
Hire purchase commitments payable:		
- less than one year	157,394	157,394
- later than one year but less than five years	62,333	62,333
	219,727	219,727
Less future finance charges	(12,881)	(12,881)
Total	206,846	206,846
Recognised to:		
Current liability	146,830	146,830
Non-current liability	60,016	60,016
	206,846	206,846

Hire purchase commitments were entered into to purchase motor vehicles for use in the business.

Guarantees

Saferoads has provided bank guarantees to the following entities:

a. The Roads Corporation trading as Vic Roads	\$70,500
b. Road and Traffic Authority of NSW	\$17,307

23. Controlled entity

	Country of Incorporation	% Owned
Parent entity:		
Saferoads Holdings Limited	Australia	
Subsidiaries of Saferoads Holdings Limited:		
Saferoads Pty Ltd	Australia	100

Saferoads Holdings Limited Notes to Financial Information

24. Director and Executive disclosures

a) Names of Directors to be in office at the time of the public listing:

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

b) The Directors' remuneration packages excluding superannuation are to be as follows:

	\$
Gary Bertuch	50,000
Darren Hotchkin	150,000
Duncan Smith	30,000
Gerard Keeghan	30,000

c) Directors' shareholdings (including Beneficial Interest) following the offer of shares to the public will be as follows:

	No.
Darren Hotchkin	7,187,500
Duncan Smith	1,437,500

d) Transactions with directors

Duncan Smith is a partner of accounting firm Smith McCarthy Wilson. The firm provided accounting services of \$22,700 to the company for which it was paid during the 30 June 2005 financial year.

25. Subsequent events

Subsequent to the end of the financial year ended 30 June 2005, Saferoads Pty Ltd agreed to acquire a parcel of land with the intention of using the land as a warehouse facility. As at the date of this Prospectus the purchase contract had not been completed.

26. Company information

Saferoads Holdings Limited is a public company, incorporated and operating in Australia. Its registered office and principal place of business is located at:
Lot 8 Weerong Road, Drouin, Victoria, 3820

4 November 2005

What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 229841. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution systems and how you can access them.

Information about us

We have been engaged by Saferoads Holdings Limited to give general financial product advice in the form of a report to be provided to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us by writing to GPO Box 5193, MELBOURNE VIC 3001, or by telephone on +61 (0) 3 8610 5000.

Pitcher Partners Corporate Pty Ltd is ultimately owned by the Victorian partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, insolvency, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Corporate Pty Ltd are partners of Pitcher Partners.

The Victorian partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Pty Ltd and not by the Victorian partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Victorian partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

B to provide general financial product advice only in respect of securities, derivatives, debentures, stocks or bonds issued or proposed to be issued by a government and interests in managed investment schemes including investor directed portfolio services and deposit and payment products limited to basic deposit products and deposit products other than basic deposit products.

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS will include details such as the risks, benefits and costs of acquiring the particular financial product.



PITCHER PARTNERS

CORPORATE PTY LTD

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AFSL Licence Holder

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For more information, visit our website at
www.pitcherpartners.com.au

How are we and our employees remunerated?

Our fees are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Neither Pitcher Partners Corporate Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fee is \$40,000 exclusive of GST and expenses and will also be disclosed in the relevant PDS or offer document prepared by the issuer of the financial product.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you get a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

The Managing Partner
Pitcher Partners
GPO Box 5193
MELBOURNE VIC 3001

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service ("FICS"). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FICS at:

Financial Industry Complaints Service
GPO Box 579 Collins Street West
MELBOURNE VIC 8007
Telephone: 1300 780 808
Fax: +61 3 9621 2291
Internet: <http://fics.asn.au>

The Australian Securities and Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

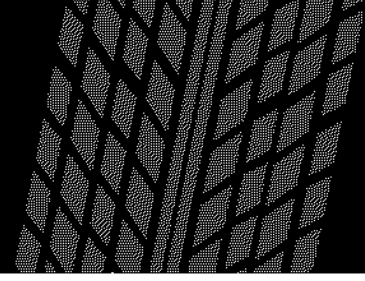
Info line: 1 300 300 630
Email: info@asic.gov.au
Internet: <http://www.asic.gov.au/asic/asic.nsf>

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8 Additional Information



8.1 Company History

Saferoads Holdings Limited was incorporated on 14 October 2005.

Saferoads Pty Ltd, the Company's only subsidiary, was incorporated on 2 September 1992 under the name DJH Developments Pty Ltd and changed its name to Saferoads Pty Ltd on 3 December 2001. Saferoads Pty Ltd has applied to ASIC to be converted into a public company. On conversion it will be renamed Saferoads Limited.

8.2 Litigation

The Company is not involved in any actual or threatened litigation or administrative action which could have a material effect on the Company.

8.3 Constitution

The key provisions of the Constitution, read together with the Corporations Act, are summarised below. This summary is not intended to be exhaustive.

8.3.1 Rights attaching to Shares

The rights attaching to the Shares are:

- set out in the Constitution; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

The principal rights, liabilities and obligations attaching to the Shares are summarised below.

Voting

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and one vote on a poll for each fully paid share held (with proportional voting rights for partly paid shares). Voting at any meeting of Shareholders is by a show of hands unless a poll is demanded. A poll may be demanded by at least five Shareholders entitled to vote on the resolution, Shareholders with at least 5% of the votes that may be cast on the resolution, or by the Chairman.

Dividends

The Directors of the Company may from time to time in their discretion determine that dividends be paid. Dividends (if any) will be paid in proportion to the number of Shares held by a Shareholder. Amounts due and payable by a Shareholder to the Company may be deducted from a dividend payable to that Shareholder. Interest is not payable in respect of an unpaid dividend.

Issue of further Shares

The Directors may (subject to the restrictions on the issue of shares imposed by the Constitution, the Listing Rules and the Corporations Act) issue, grant options in respect of, or otherwise dispose of further shares on terms and conditions (including preferential, deferred or special rights, privileges, conditions or restrictions) as they see fit.

Variation of Class Rights

Subject to their terms of issue, the rights attaching to any class of shares may be varied by:

- a special resolution passed at a meeting by the holders of shares in the class; or
- the written consent of members with at least 75% of the votes in the class.

Rights attaching to Shares

Shareholders may transfer Shares by a written transfer instrument in the usual form, or any form approved by the Directors, or by a proper transfer effected in accordance with the ASX Listing Rules and ASTC Settlement Rules. All transfers must comply with the Constitution, the Listing Rules, the ASTC Settlement Rules and the Corporations Act.

The Directors may refuse to register a transfer of Shares, including in circumstances where the transfer is not in registrable form or the refusal to register the transfer is permitted by the Listing Rules or ASX. The Directors must refuse to register a transfer of Shares where required to do so by the Listing Rules. If the Directors decline to register a transfer, the Company must give notice of the refusal as required by the Corporations Act and the Listing Rules.

Subject to the Listing Rules and ASTC Settlement Rules, while the Company is a listed company, the Directors may suspend the registration of transfers at such times and for such periods as they think fit.

General meeting and notices

Each Shareholder is entitled to receive notice of, and except in certain circumstances, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution or the Corporations Act.

Non Marketable Parcels

Except during a takeover bid, the Company may, upon six weeks written notice, sell any Shares held by a member which comprise less than a marketable parcel (which at the date of this document is a parcel not more than \$500 in value calculated according to the closing price for the securities on the ASX).

Proportional Takeover Provisions

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover scheme. The provisions will lapse unless renewed by a special resolution of Shareholders in general meeting three years from the date of its adoption.

Winding up

Subject to any special resolution or rights or restrictions attaching to any class or classes of shares, shareholders will be entitled on a winding up to share in any surplus assets of the Company in proportion to the shares held by them.

8.3.2 Directors

The rights and obligations of directors and executive officers of the Company are summarised below:

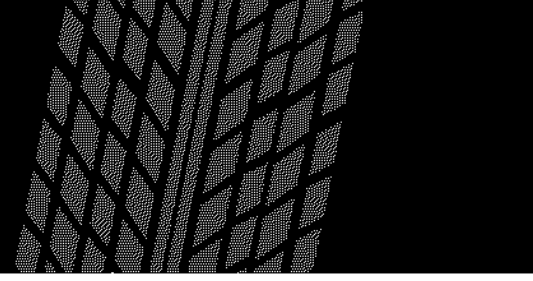
Directors – appointment and removal

The minimum number of Directors is three and the maximum is fixed by the Directors but may not be more than 12 unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that generally one third of the Directors plus any Director who has held office for three or more annual general meetings (excluding the Managing Director) retire at each annual general meeting of the Company. A Director retiring by rotation may, subject to certain restrictions, offer himself for re-election.

The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. If the votes are equal on a proposed resolution, the Chairman of the meeting does not have a casting vote.



Directors – remuneration

The non-executive Directors are entitled to be paid fees for their services as a Director (including service on any Board committee) as the Directors decide, but the total amount provided to all Directors for such services must not exceed in aggregate in any financial year the maximum aggregate sum as may be approved from time to time by the Company in general meeting. The current maximum aggregate sum is \$200,000. Any change to that aggregate sum needs to be approved by Shareholders. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying out their duties.

Directors' and officers' indemnity

The Company, on a full indemnity basis and to the full extent permitted by law, indemnifies each person who is or has been a Director or executive officer of the Company, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine (each an Officer), against any liability (including costs and expenses) incurred by that person as an Officer of the Company or a related body corporate of the Company.

The Company, to the extent permitted by law, may insure an Officer against a liability incurred by the Officer as an officer of the Company or of a related body corporate including, but not limited to, a liability for negligence or for reasonable costs or expenses incurred in defending proceedings whether civil or criminal and whatever the outcome.

The Company has entered into deeds of access, indemnity and insurance with each Director which confirm the Director's right of access to Board papers and require the Company to indemnify the Director for liability incurred as an officer or promoter of the Company, subject to the restrictions imposed by the Corporations Act and the Constitution.

8.4 Dividend Reinvestment Plan

The Directors have approved and will implement a dividend reinvestment plan ("DRP") to provide Shareholders with the choice of reinvesting some or all of their dividends in Shares rather than receiving those dividends in cash.

The following is a summary of the main features of the DRP:

Participation

Eligible Shareholders may elect to reinvest the dividends on some or all of their Shares. The Board may, at any time, determine a maximum or minimum number of Shares in relation to which any individual Shareholder may participate in the DRP. A Shareholder may vary or terminate their participation in the DRP by notice to the Company.

Eligibility

Shareholders whose registered address is in Australia may participate in the DRP. Shareholders whose registered address is outside Australia may not participate in the DRP unless the Board is satisfied that the issue of Shares to them under the DRP is lawful and practicable. The Board is entitled to make the final determination as to whether any Shareholder may participate in the DRP.

Allocation price of Shares

At the sole discretion of the Board, Shares will be issued under the DRP at either the weighted average market price of all Shares sold on ASX during a pricing period or the arithmetic average of the daily weighted average market price (rounded to the nearest cent) of all Shares sold on ASX during a pricing period (excluding trades otherwise than in the ordinary course of trading), less a percentage discount (if any) determined by the Board from time to time ("Allocation Price").

Issue or transfer

The Board has discretion to determine whether Shares to be allocated under the DRP will be newly issued Shares or Shares acquired on-market for transfer to Shareholders under the DRP. All Shares issued under the DRP will rank equally with existing Shares unless the Board determines that the Shares issued under the DRP will not participate in any offer of Shares open at the time that the Shares are issued under the DRP.

Entitlement

The number of Shares to be issued to a participant in the DRP will be determined by dividing the amount available for reinvestment on behalf of that participant by the Allocation Price and rounding that number up to the nearest whole number.

Sale of Shares

Shares allocated under the DRP may be sold by the Shareholder to whom they were allocated at any time after those Shares are allocated and quoted on ASX.

DRP statements

On or as soon as practicable after a dividend is paid, the Company will provide to each participating Shareholder a statement giving details of that Shareholder's participation in the DRP.

Variation, suspension and termination by Directors

The DRP may be varied, suspended or terminated by the Board at any time by notification on the Company's website and by notice to ASX. If the DRP is suspended and reinstated, then subject to a Shareholder not having varied their participation in the DRP, that Shareholder will participate under the reinstated DRP on the same basis as they participated prior to the suspension.

Costs

To the extent permitted by law, the Company will pay any brokerage, commission or other transaction costs, including any stamp or other duties payable by participants in respect of Shares allocated under the DRP.

Listing

The Company will apply promptly to ASX for quotation of Shares issued under the DRP.

Taxation

Under the DRP, Shareholders have the option of applying their dividend to acquire Shares rather than receive a cash payment.

For Australian tax purposes, Shareholders who participate in the DRP are treated as if they had received a cash dividend and then used the cash to buy additional Shares.

As such, Shareholders will need to include in their assessable income a dividend equal to the value of the Shares acquired under the DRP, together with any franking credits attached. Further, any subsequent disposal of Shares acquired under the DRP will be generally subject to capital gains tax, with the cost base of the Shares equal to the amount paid to acquire them (ie the amount of the dividend is required to be included in the Shareholder's assessable income), including any incidental costs of acquisition.

8.5 Employee Share Option Plan

The Company has established an Employee Share Option Plan ("ESOP") with the following key features:

Eligibility

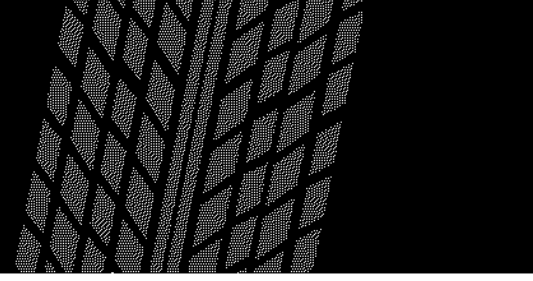
The Board may issue options under the ESOP to any employee or director of the Company or its related bodies corporate, including non-executive directors.

General terms of the options

Options will be issued at such price as the Board determines at the grant of the option. Each option is to subscribe for one Share and, when issued, the Share shall rank equally with other Shares.

The options are not transferable.

Quotation of the options on the ASX will not be sought, but the Company will apply to the ASX for official quotation of Shares issued on the exercise of options. Options may be granted subject to conditions specified by the Board which must be satisfied before the Option can be exercised.



Exercise of Options

Unless the terms on which an option was offered specify otherwise, an option may be exercised on the earlier of the first, second or third anniversary from the date it is granted, as determined by the Board, until the tenth anniversary of the date it was granted, provided the employee is still employed by Saferoads.

An option may also be exercised in special circumstances, that is, at any time within 3 months after the employee's death, total and permanent disablement, retirement or retrenchment. An option lapses upon termination of the employee's employment by the Company and, unless the terms of the offer of the option specify otherwise, lapses ten years after the date upon which it was granted.

Exercise Price

The exercise price per share for an option will be the amount determined by the Board at the time of the grant of the option. However, the Board will not grant an option with an exercise price that is less than the weighted average of the prices at which ordinary shares in the Company were traded on the ASX during the one week period up to and including the day upon which the exercise price for the option is to be determined.

New Issue of Securities

Option holders will not be entitled to participate in any new issue of securities in the Company unless they exercise their option prior to the record date for the determination of entitlements of the new issue.

Bonus Issues

If the Company makes a bonus issue of securities to the Shareholders, each unexercised option will, on exercise, entitle its holder to receive the bonus securities as if the option had been exercised before the record date for the bonus issue.

Rights Issues

If the Company makes a pro-rata rights issue of Shares for cash to its ordinary Shareholders, the exercise price of unexercised options will be adjusted to reflect the diluting effect of the issue in accordance with the Listing Rules.

Capital Reorganisations

If there is a reorganisation of the capital of the Company, the number of options will be adjusted to reflect the diluting effect of the issue in accordance with the Listing Rules.

Limit on Number of Options

The maximum number of options on issue under the ESOP and any other employee incentive scheme must not, at any time, exceed 5% of the total number of Shares on issue.

8.6 Share Purchase Plan

The Company has established a Share Purchase Plan ("SPP") with the following key features:

Eligibility

The Company may offer Shares under the SPP to each registered holder of shares whose address is in a place in which it is lawful and practical for the Company to offer and issue shares ("Eligible Shareholder").

Consideration

Each Eligible Shareholder under the SPP may apply for up to \$5,000 worth of Shares (offered at less than the market price during a specified period in the 30 days prior to either the date of the offer or the date of the issue), on a non-renounceable basis.

Ranking of Shares

Shares issued under the SPP will rank equally with the Shares in all respects including voting rights and entitlement to participate in dividends and in future rights and bonus issues.

Proposed Issues

The Company does not propose to issue Shares under the SPP within the first 12 months following Listing.

8.7 Material Contacts

8.7.1 Underwriting Agreement

Under this agreement, the Underwriter has agreed to coordinate, manage and underwrite the Offer and the Company, as agent for the Existing Shareholders who are selling Shares under the Offer, has agreed to facilitate the sale of Shares by the Existing Shareholders in accordance with the Offer.

The Company will pay, out of the proceeds of the Offer:

- an underwriting fee to the Underwriter equal to 4.45%; and
- a management fee to the Lead Manager equal to 1.00%,

of the total funds to be raised by the Offer. Any sub-underwriting fees and any brokerage fees payable in relation to the Offer will be paid by the Underwriter.

The Underwriter may, by notice to the Company, terminate its obligations under the agreement if any of the termination events specified in the agreement occurs before the third business day after the Closing Date. Automatic events of termination include:

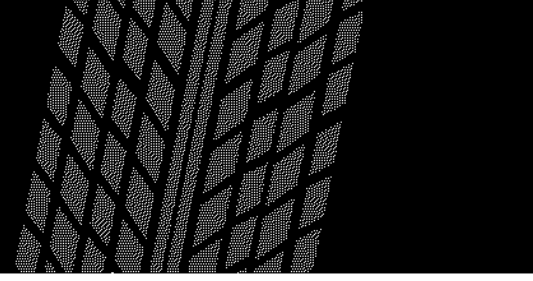
- the ASX does not, or states that it will not, admit the Company to the official list of the ASX;
- either of the S&P/ASX All Industrials Index and the S&P/ASX Small Ordinaries Index published by ASX falls for three consecutive business days to a level which is 10% below the level at the close of business on the date of the agreement;
- the Company comes under an obligation to issue a supplementary or replacement prospectus;
- ASIC gives notice of intention to hold a hearing in relation to this Prospectus under section 739(2) of the Corporations Act or makes an order under s739(1), s739(3) or s739(4) of the Corporations Act;
- ASIC gives notice of intention to hold a hearing or investigation into the Company;
- ASIC gives notice of intention to prosecute the Company or a director or general manager of the Company; and
- any Director or general manager of the Company is prosecuted for a criminal offence.

A number of further termination events are qualified by a requirement that before being able to terminate the Underwriter must determine, acting reasonably, that the relevant termination event:

- has, or is reasonably likely to have, a material adverse effect on the outcome of the Offer; or
- could give rise to a liability of the Underwriter under the Corporations Act.

These events include:

- the Company materially defaults under the agreement;
- the agreed timetable for the opening and closing dates and announcements for the Offer is delayed for more than three business days;
- the introduction into the Parliament of the Commonwealth of Australia or an Australian State or Territory of a law intended to come into effect within 12 months; or there is any official announcement on behalf of the Government of the Commonwealth of Australia or of an Australian State or Territory that a law will be introduced or policy adopted with effect from the date of the announcement or within three months after it; and which has altered adversely or which could be reasonably expected to alter adversely;
 - any circumstances relating to the Offer or this Prospectus existing as at the date of the agreement; or
 - the income tax position of the Company;
- a new circumstance has arisen since this Prospectus was lodged which would have required under Chapter 6D of the Corporations Act to be included in this Prospectus if it had arisen before this Prospectus was lodged and is, or is likely to be, materially adverse from the point of view of an investor; or
- hostilities, political or civil unrest or a terrorist act commence or is perpetrated in Australia, New Zealand, the United States of America and certain other countries.



The Company has agreed to indemnify the Underwriter and its directors, employees and advisers ("the Indemnified") against each claim, judgement, damage, loss, expense or liability that any of the Indemnified may incur or suffer in connection with:

- this Prospectus or its publication or issue;
- any statement, announcement, advertisement or publicity made or distributed by the Company in relation to the Offer or this Prospectus or by the Lead Manager or the Underwriter with the consent of the Company;
- any non-compliance by the Company with the Corporations Act or any other legal obligation in relation to the Offer or this Prospectus; and
- any breach by the Company of the agreement.

The indemnity does not extend to any claim, judgement, damage, loss, expense or liability incurred as a result of any fraud, negligence, wilful misconduct or breach of the agreement of or by the Indemnified.

8.7.2 Service Agreements

The Company has entered into executive service agreements with Darren John Hotchkin and Jeffrey Herdman ("the Executives"). Mr Hotchkin has been appointed as Managing Director and Mr Herdman has been appointed as General Manager. The agreements are in the usual form for agreements of their nature.

The Company may terminate the employment of an Executive by giving 3 months notice provided that the Board has adhered to its Corporate Governance Charter and the Executive has been given reasonable assistance to improve his performance.

The Company is entitled to terminate an Executive's service immediately without notice, or payment in lieu of notice, if the Executive:

- breaches his confidentiality obligations with the Company;
- fails in a material matter or respect to perform the Executive's duties or breaches any material provision of the service agreement and is unable to, or does not, remedy the failure or breach within 7 days (or such longer period as may be allowed by the Company as is reasonable in the particular circumstances) of it being brought to the Executive's attention by the Company;
- is guilty of serious misconduct;
- is convicted of any offence punishable by imprisonment, is disqualified from being a director of a company or unlawfully discriminates or sexually harasses any other person; or
- is declared a bankrupt or enters into any composition or arrangement with or for the benefit of his or her creditors.

The Executive may resign after (and only after) the second anniversary of the commencement date of his service agreement (31 October 2005) by giving 6 months' notice of termination of employment.

The service agreements contain standard confidentiality and non-compete provisions which apply for a period of up to five years, in certain circumstances, after termination of employment. The provisions prevent the executive from:

- carrying on activities which are competitive with any business carried on by the Company or its subsidiary; or
- attempting to entice away the Company's employees or people who were customers of the Company or its subsidiaries at any time during the term of the service agreement.

Mr Hotchkin's remuneration package is \$150,000 per annum (excluding superannuation). Mr Herdman's remuneration package is \$120,000 per annum (excluding superannuation). In addition, both of the Executives may elect to have the Company supply a fully maintained motor vehicle.

8.7.3 Restricted Securities Agreement

The Existing Shareholders (other than Jennifer Herdman, who is selling all her existing shares pursuant to the Offer), have entered into a restricted securities agreement with the Company under which they have agreed to retain:

- at least 100% of the Shares that they hold immediately after the transfer of Shares to applicants under the Offer until the first anniversary of the Listing; and
- at least 50% of such Shares for a further period of 6 months.

The restrictions do not apply to a dealing in Shares:

- in connection with a takeover bid for all the ordinary shares in the Company and which is accepted by persons who hold at least half the ordinary shares in the Company which are not restricted securities;
- in connection with the transfer or cancellation of shares in the Company as part of a scheme of arrangement under Part 5.1 of the Corporations Act.

8.7.4 Deeds of Access and Indemnity

The Company has entered into deeds of access and indemnity with each of the Directors. In relation to indemnity, pursuant to the provisions of the Corporations Act, the Company has undertaken to indemnify each Director and officer in certain circumstances and to maintain directors' and officers' insurance cover in favour of the Director or officer for 7 years after the Director or officer has ceased to be a Director or officer of the Company.

In relation to access, the Company has undertaken with each Director to maintain a complete set of the Company's Board papers and to make them available to the Director for 7 years after the Director has ceased to be a Director of the Company.

8.7.5 Share Transfer Agreement

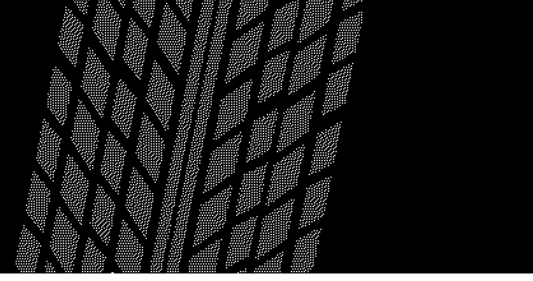
The Existing Shareholders entered into a share transfer agreement with the Company on 31 October 2005. Under this agreement, the Existing Shareholders transferred their shares in Saferoads Pty Ltd to the Company in consideration for the issue of shares in the Company in the same proportions as their shareholdings in Saferoads Pty Ltd, the effect of which is that Saferoads Pty Ltd became a wholly owned subsidiary of the Company.

8.7.6 Distribution Agreement with Energy Absorption Systems, Inc.

Saferoads Pty Ltd is a party to a distributor agreement ("Agreement") with Energy Absorption Systems, Inc. (a member of the Quixote Corporation group of companies) dated 1 April 2000.

The Agreement gives Saferoads an exclusive right to distribute Quixote products in Australia.

The Agreement was for an initial term of 3 years with an option to extend, with the consent of both parties, for a further period of three years. The option was exercised and the Agreement now extends through to 30 June 2006.



8.8 Interests of Directors

Generally

Other than set out below or elsewhere in this Prospectus:

- no Director or proposed Director of the Company has, or has had in the 2 years before lodgement of this Prospectus, any interest in the formation or promotion of, or in any property acquired or proposed to be acquired by, the Company in connection with its formation or promotion or the offer of the securities;
- no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of the Company either to induce him or her to become, or to qualify him or her as, a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of the Company or the offer of the securities.

Shareholdings

Directors are not required under the Constitution of the Company to hold any Shares in the Company.

At the date of this Prospectus, no Director of the Company is the legal or beneficial holder of any Shares other than the following:

Director	Shares
Darren John Hotchkin	12,075,000**
Duncan Francis Smith	2,875,000

**Includes the Shares held by Jennifer Ann Hotchkin, but not Harold Gordon Hotchkin.

Directors' Fees

The Constitution of the Company provides that the Directors are entitled to the remuneration which the Directors determine, but the remuneration of the non-executive Directors must not exceed in aggregate a maximum amount fixed by the Company in general meeting for that purpose.

As at the date of this Prospectus, the aggregate maximum amount for non-executive Directors must not exceed \$200,000. Mr Gary Bertuch will receive a fee of \$50,000 per annum, excluding superannuation. Mr Duncan Smith and Mr Ged Keeghan will each receive a fee of \$30,000 per annum, excluding superannuation.

The Directors are also entitled to be reimbursed any reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or otherwise in connection with the Company's business.

8.9 Australian Taxation Consideration

This is a general description of the Australian income tax consequences for investors who acquire Shares through the Offer.

The taxation summary seeks to provide Australian resident individual Shareholders and Australian resident corporate Shareholders with an overview of the relevant Australian income tax considerations associated with the payment of dividends by the Company and the future disposal of their Shares.

The Australian tax laws are complex. The summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The individual circumstances of each investor may affect the taxation implications of the investment of that investor. Investors should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

Unless otherwise indicated, the comments are based on the income tax law, established interpretations of that law and understanding of the practice of the tax authority in Australia as at the Prospectus date. Investors should also be aware that the Australian tax rules are continuing to undergo significant change.

Taxation of dividends

Dividends are paid to Shareholders from the accounting profits of the Company. Shareholders will receive credits for any Australian corporate tax that has been paid on these profits. These credits are known as “franking credits” and they represent the extent to which a dividend is “franked”. It is possible for a dividend to be fully or partly franked, or unfranked. Where a dividend is partly franked, the franked portion is treated as fully franked and the remainder as being unfranked.

It should be noted that the definition of dividend for Australian income tax purposes is broad and can include certain capital returns and off-market share buy-backs.

Australian resident Shareholders – individuals

Individual resident Shareholders will need to include dividends in their assessable income in the income year in which the dividend is paid. In addition, to the extent that the dividends are franked, then the franking credits attaching to the franked dividends must also be included in their assessable income (ie the dividend is grossed-up).

Shareholders are taxed at their prevailing marginal rate on the dividend and franking credits received.

Individual Shareholders will be entitled to a “tax offset” equal to the amount of franking credits received. Individual Shareholders will receive a tax benefit if the franking credits attached to the dividend exceed their tax payable on the receipt of the dividend. Individuals will need to pay additional tax if the tax payable as a result of receiving the dividend exceeds the franking credits attached to the dividend. Individuals are entitled to claim a refund for any excess franking credits.

To the extent that the dividend is unfranked, there is no gross-up and Shareholders should generally be taxed at their prevailing marginal rate on the dividend received, with no tax offset.

In order for individuals to be entitled to claim the “tax offset” in relation to the franked dividend amount, the recipient of the dividend must be a “qualified person”. Broadly, to be a qualified person, two tests must be satisfied, namely the “holding period rule” and the “related payments rule”.

In broad terms, if individual Shareholders have held the Shares at risk for at least 45 days (excluding the dates of acquisition and disposal), they are able to claim a tax offset for the amount of any franking credits attaching to the dividend.

Australian resident Shareholders – corporate

Dividends payable to Australian resident corporate Shareholders will be included in their assessable income in the income year the dividend is paid. To the extent that the dividends are franked, then the franking credits attaching to the franked dividend must also be included in assessable income (ie the dividend is grossed-up). The corporate Shareholder may be entitled to a “tax offset” equal to the amount of franking credits received. This would result in the dividend being free of further company tax to the extent that it is franked. A fully franked dividend should effectively be free of tax to an Australian resident corporate Shareholder.

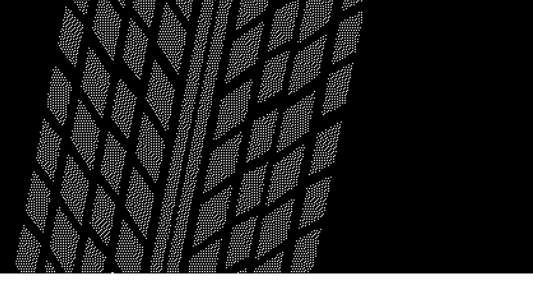
To the extent that the dividend is unfranked, there is no gross-up and Shareholders should generally be taxed at the company tax rate on the dividend received, with no tax offset.

Australian resident corporate Shareholders are also entitled to a franking credit in their franking accounts equal to the franking credit attaching to the dividend. Australian resident corporate Shareholders can then use the credit to make frankable distributions to their Shareholders.

Taxation of future Share disposals

Australian resident Shareholders – general

Australian resident Shareholders who trade Shares in the ordinary course of their business and/or hold their Shares on revenue account must include any gains made on the disposal of their Shares in their assessable income. Shareholders who include gains made on the disposal of their Shares in their assessable income are not assessed for capital gains tax on the disposal.



All other Australian resident Shareholders will hold their Shares on capital account. These Australian resident Shareholders must consider the impact of Australian capital gains tax rules on the disposal of their Shares. A Shareholder derives a capital gain on the disposal of Shares where the capital proceeds received on disposal exceed the capital gains tax cost base of those Shares. The cost base of each Shareholder should generally be equal to the purchase price of the Shares and, among other things, any incidental costs of acquisition and non-deductible interest expenditure in acquiring the Shares.

A Shareholder incurs a capital loss on the disposal of Shares where the capital proceeds received on disposal is less than the reduced capital gains tax cost base of the Shares.

All capital gains and losses for the income year are added together to produce a net capital gain position for that income year. A net capital gain for an income year is included in the resident taxpayer's assessable income and is subject to taxation in Australia. A net capital loss is effectively quarantined and may generally be carried forward to be deducted against future capital gains.

Individuals – capital gains tax concession

Individual Shareholders may be entitled to a concession on the amount of capital gains assessed. The concession is available to individuals who hold their Shares for at least 12 months prior to disposal. The concession results in only 50% of any capital gain being assessable. Capital losses must be applied first to reduce capital gains before applying the discount capital gains tax provisions. The concession is not available to companies.

The capital gains tax treatment of Australian resident complying superannuation funds is, in general, the same as that set out for Australian resident individuals, except that the capital gains tax discount is one-third rather than 50%.

Tax File Number and Australian Business Number

You are not obliged to quote your tax file number "TFN", or where relevant, Australian Business Number "ABN", to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, tax is required to be deducted by the Company at the highest marginal rate (currently 47%) plus Medicare Levy (currently 1.5%) from certain distributions.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

Stamp duty

No stamp duty will be payable on the transfer of Shares pursuant to the Offer. Under current stamp duty legislation, no stamp duty would ordinarily be payable on any subsequent transfer of Shares.

Goods and Services Tax

Under current Australian law, goods and services tax will not be payable in respect of any issue or transfer of Shares.

8.10 Interests of Experts and Advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and any stockbroker or underwriter (but not a sub-underwriter) to the Offer (collectively "Prescribed Persons").

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- the offer of Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- formation or promotion of the Company;
- offer of Shares under this Prospectus.

Investigating Accountant

Pitcher Partners Corporate Pty Ltd has acted as Investigating Accountant to the Offer and has performed work in relation to due diligence enquiries, for which it will be paid approximately \$40,000 plus GST.

Lead Manager

Cartesian Capital Pty Limited is entitled to receive a management fee of 1.0% of the amount to be raised under the Offer.

Underwriter

LCS Capital Pty Limited is entitled to receive an underwriting fee of 4.45% of the amount to be raised under the Offer.

Auditor

Armitage Downie & Co has acted as auditor to the Company and is entitled to receive fees of \$21,700 plus GST for auditing the financial statements of Saferoads Pty Ltd for the years ended 30 June 2004 and 30 June 2005.

Lawyers

Maddocks has acted as legal adviser to the Company in relation to the Offer. Maddocks has been paid or is entitled to be paid fees of approximately \$90,000 plus GST in connection with the preparation of this Prospectus and the Offer.

8.11 Expenses of the Offer

All expenses connected with the Offer (other than the costs of Listing) are being borne by the Existing Shareholders. The Company will bear the costs of Listing up to \$100,000 plus GST.

8.12 Consents and Disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

Investigating Accountant

Pitcher Partners Corporate Pty Ltd has given, and has not before lodgement of this Prospectus with ASIC withdrawn, its consent to be named as the Investigating Accountant in the Prospectus, and to the inclusion of the Investigating Accountant's Report in the form and context in which it appears, including all references to the report in the Prospectus. Pitcher Partners Corporate Pty Ltd has not authorised or caused the issue of this Prospectus and has not made, nor purports to have made, any statement other than the Investigating Accountant's Report.

Auditor

Armitage Downie & Co has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its consent to being named as auditor of Saferoads Pty Ltd in the Prospectus in the form and context in which it appears. Armitage Downie & Co has not authorised or caused the issue of this Prospectus and has not made, nor purports to have made, any statement in the Prospectus.

Underwriter

LCS Capital Pty Limited has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its consent to being named as the Underwriter to the Offer in this Prospectus in the form and context in which it is named. LCS Capital Pty Limited has made no statement included in this Prospectus or on which a statement in this Prospectus is based. LCS Capital Pty Limited expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus other than the reference to its name.

Lead Manager

Cartesian Capital Pty Limited has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its consent to the issue of the Prospectus which includes the reference to Cartesian Capital Pty Limited in the form and context in which it is included. Cartesian Capital Pty Limited does not make, or purport to make, any statement that is included in the Prospectus which is based on any statement by Cartesian Capital Pty Limited. To the maximum extent permitted by law, Cartesian Capital Pty Limited expressly disclaims and takes no responsibility for any part of the Prospectus other than the reference to its name.

Broker to the Offer

Lonsec Limited has given, and has not before lodgement of this Prospectus with ASIC withdrawn, its consent to be named as Broker to the Offer in the form and context in which it is named. Lonsec Limited has made no statement included in this Prospectus or on which a statement in this Prospectus is based. Lonsec Limited expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus other than the reference to its name.

Legal Adviser

Maddocks has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its consent to being named as legal adviser to the Company and the Offer in this Prospectus in the form and context in which it is named. Maddocks has not made any statement that is included in this Prospectus or any statement on which a statement made in the Prospectus is based, other than as specified above. Maddocks disclaims and takes no responsibility for any statements in or omissions from this Prospectus other than the reference to its name.

Share Registry

Registries Limited has given, and has not before lodgement of this prospectus with ASIC withdrawn, its consent to the inclusion of its name and address in the Prospectus as the Share Registry. Other than providing this consent, Registries Limited has not authorised or caused the issue of any part of this Prospectus, or otherwise been involved in the preparation of the Prospectus, and takes no responsibility for any part of this Prospectus, other than as specified above.

8.13 Documents Available for Inspection

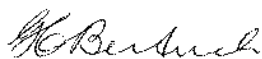
Copies of the following documents will be available for inspection free of charge between 9.00am and 5.00pm AEST, Monday to Friday, at the Company's registered office during the Offer:

- the Constitution
- the Employee Share Option Plan
- the Share Purchase Plan
- the Dividend Reinvestment Plan
- the audited financial statements of the Company for the financial years ended 30 June 2004 and 30 June 2005
- the consents referred to in Section 8.12
- the Restricted Securities Agreement

8.14 Authorisation of this Prospectus

The Directors have consented to the lodgement of this Prospectus with ASIC.

Signed by each Director of the Company:



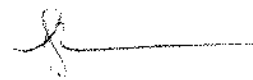
Gary Charles Bertuch



Darren Hotchkin



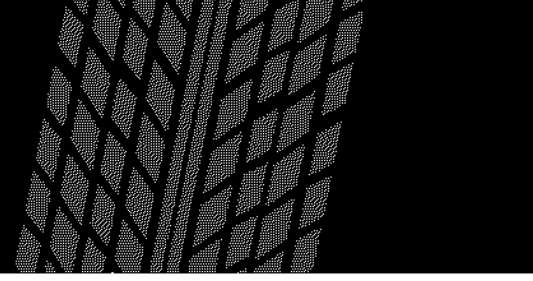
Duncan F. Smith



Gerard (Ged) Keeghan

Terms and abbreviations used in this Prospectus have the following meaning:

ABN	Australian Business Number
Applicant	a person who submits an Application
Application	an application for Shares under this Prospectus
Application Form	an application form in the form attached to or accompanying this Prospectus
Approved Financial Products	has the same meaning as given to that term under the ASTC Settlement Rules
Application Monies	the Offer Price multiplied by the number of Shares applied for
AIFRS	the Australian equivalents of International Financial Reporting Standards
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532)
ASTC Settlement Rules	the operating rules of ASTC or of any relevant organisation which is an alternative to, or successor or replacement of, ASTC or any applicable clearing and settlement facility operator
ASX	Australian Stock Exchange Limited
Auditors	the independent auditors of Saferoads from time to time
Chairman	the Chairman of the Company
CHESS	Clearing House Electronic Sub-register System
Closing Date	the date by which valid Applications must be received by the Share Registrar being 9 December 2005 or such other date determined by the Board and Cartesian Capital Pty Limited
Company	Saferoads Holdings Limited (ABN 81 116 668 538)
Constitution	the constitution of the Company
Corporations Act	the Corporations Act 2001
Directors or Board	the board of directors of the Company for the time being
DRP	dividend reinvestment plan
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation and amortisation
ESOP	employee share option plan
Existing Shareholders	Darren John Hotchkin, Harold Gordon Hotchkin, Jennifer Ann Hotchkin, Duncan Francis Smith, Wayne Phillip Portelli, Jeffrey Stewart Herdman and Jennifer Elizabeth Herdman
Expiry Date	3 December 2006
Exposure Period	the period commencing on the date of lodgement of this Prospectus with ASIC and ending 7 days after that date or, if that period is extended by ASIC, the period as extended



FY	financial year
HIN	a Holder Identification Number
Lead Manager	Cartesian Capital Pty Limited (ACN 107 411 174)
Listing	admission of the Company to the official list of ASX
Listing Rules	the listing rules of ASX
NPAT	net profit after tax
Offer	the offer of up to 11.5 million Shares pursuant to and in accordance with this Prospectus
Offer Price	\$1.00 for each Share
Online Prospectus	the electronic version of this Prospectus which can be viewed at http://www.saferoads.com.au
Opening Date	the first date day on which Applications will be accepted, which is expected to be 21 November 2005
Prospectus	this prospectus dated 4 November 2005
Quixote	Quixote Corporation
Saferoads or Group	the Company and, unless the context requires otherwise, includes its subsidiary, Saferoads Pty Ltd (ABN 69 057 357 801)
Section	a section of this Prospectus
Share	a fully paid ordinary share in the Company
Shareholder	a holder of Shares
SRN	a Securityholder Reference Number
SPP	share purchase plan
TFN	Tax File Number
Underwriter	LCS Capital Pty Limited (ABN 63 077 997 918)
Underwriting Agreement	the underwriting agreement dated 4 November 2005 between the Company and the Underwriter

PLEASE READ BEFORE COMPLETING THE APPLICATION FORM

BROKER SPONSORED APPLICANTS:

If you are Broker Sponsored and wish to register this stock to your Holder Identification Number ("HIN"), we strongly recommend that you contact your Controlling Participant to verify exact registration details. Applications will be rejected to Issuer Sponsorship should the details provided on the application form not be identical to those under which your account is registered with your sponsoring broker.

ISSUER SPONSORED APPLICANTS:

If you do not have a HIN with a sponsoring broker, then your stock will be registered to Issuer Sponsorship and you will be allocated a Securityholder Reference Number ("SRN"). Please note that Cartesian Capital Pty Ltd cannot guarantee delivery dates of statements detailing SRN's as these are dispatched directly from the Share Registry.

****PLEASE BE AWARE THAT IF YOUR REGISTRATION DETAILS DO NOT COMPLY WITH THE BELOW GUIDELINES YOUR APPLICATION MAY BE REJECTED BY THE SHARE REGISTRY****

NAME STANDARDS

Type of investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use company title, not abbreviation	Saferoads Holdings Limited	Saferoads P/L Saferoads Co.
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith or John Smith deceased
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of the minor	John Alfred Smith <Peter Smith>	Master Peter Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s), do not use the name of the club etc	Mr Michael Smith <Saferoads Tennis Association A/C>	Saferoads Tennis Association
Superannuation Funds Use name of trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

How to complete the application form

Apply as soon as possible. The Offer may close early.

Please use this Application Form - photocopies will not be accepted.

Please complete all relevant sections of the Application Form **USING BLOCK LETTERS**.

These instructions refer to relevant sections of the Application Form.

- A. Insert the Number of Shares for which you wish to apply. The Application must be for a minimum of 2,000 Shares and thereafter in multiples of 500 Shares.
- B. Insert the Total Amount of application money payable. To calculate your application money multiply the number of Shares applied for by the amount per share payable.
- C. Write the Full Name(s) and Titles(s) of all legal entities that are to be recorded as the registered holder(s). Refer to the Name Standards for guidance on valid registration.
- D. Enter the tax file number(s) of the applicants. With a joint holding, only the tax file numbers of two holders are required.
- E. Enter your Postal Address for all communications from the Company. Only one address can be recorded. You may also enter your email address as the Company may choose to communicate with you via your email address.
- F. Enter your telephone numbers and contact person the registry can speak to if they have any queries regarding this application.
- G. If you are sponsored in CHESS by a stockbroker or other CHESS participants enter your Holder Identification Number (HIN).
- H. Payment must be made in Australian currency and cheques must be drawn on an Australian Bank. Cheques or bank drafts must be payable to Saferoads Holdings Limited Share Offer and crossed Not Negotiable. Cheques not properly drawn will be rejected. Cheques will generally be deposited on the day of receipt. If cheques are dishonoured the application may be rejected.
- I. By returning this Application Form, the applicant(s) state(s) they have read the Prospectus to which the application relates. The applicant(s) agree(s) that this application is for shares in Saferoads Holdings Limited upon and subject to the terms of the Prospectus, agree(s) to take any number of Shares equal to or less than the number of Shares indicated in Box A that may be allocated to the applicants(s) pursuant to the Prospectus and declare(s) that all details, statements, representations and warranties in the Application Form are complete and accurate. It is not necessary to sign the Application Form.

Forward your completed application together with the application money to:

Registries Limited
Level 2
28 Margaret Street
Sydney NSW 2000

OR

Registries Limited
PO Box R67
Royal Exchange NSW 1223

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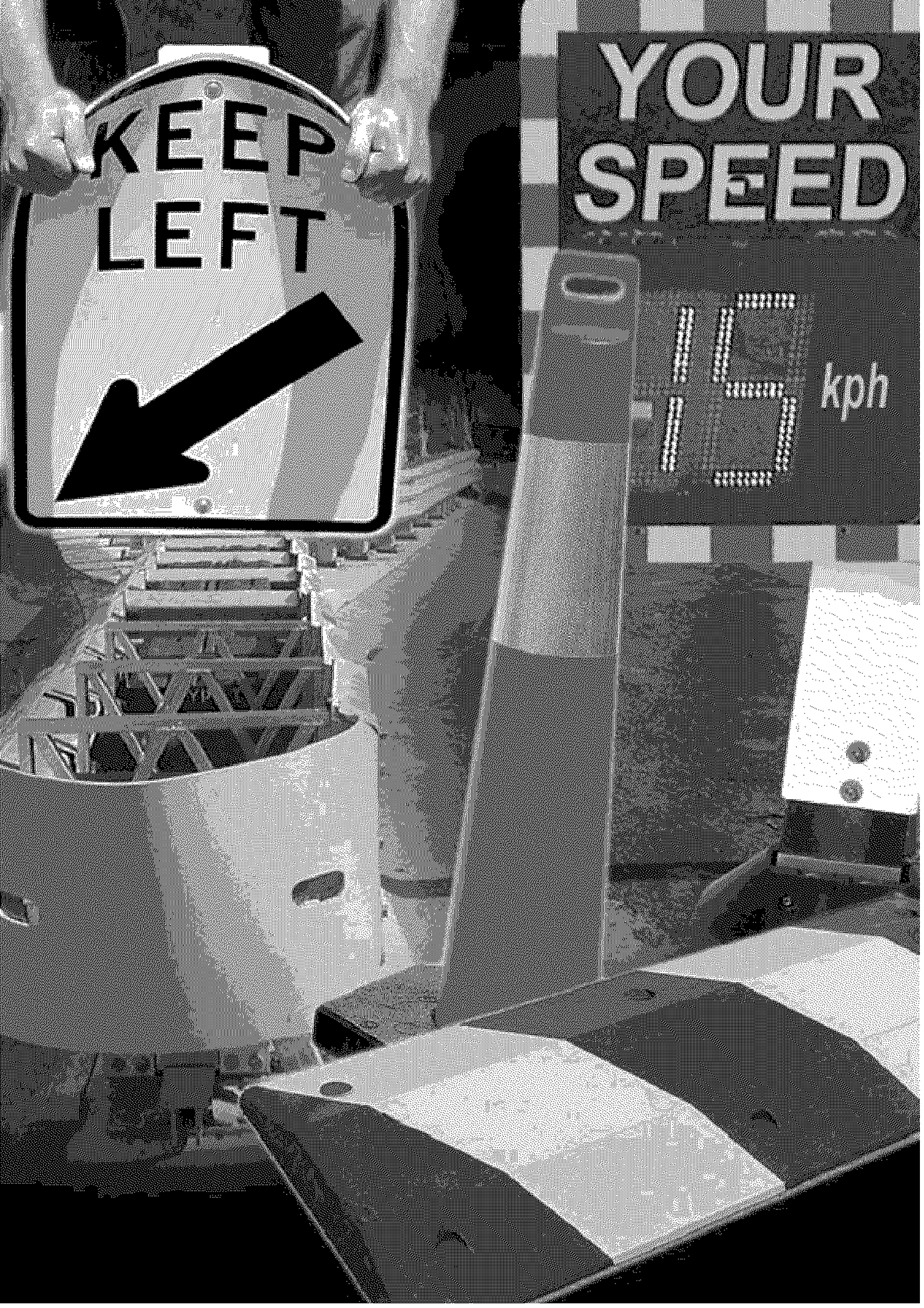
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Sydney NSW 2000

OR

Registries Limited
PO Box R67
Royal Exchange NSW 1223





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SPEED

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Corporate Directory

Directors

Gary Bertuch
Non-executive Chairman

Darren Hotchkin
Managing Director

Gerard Keeghan
Non-executive Director

Duncan Smith
Non-executive Director

Company Secretary

Bill Cruickshank

Registered Office

Saferoads Holdings Limited
Lot 8
Weerong Rd
Drouin VIC 3818

Solicitors to the Offer

Maddocks
140 William Street
Melbourne VIC 3000

Lead Manager

Cartesian Capital Pty Limited
ACN 107 411 174
Level 3
1 Bligh Street
Sydney NSW 2000

Tel: 02 9993 4444

Fax: 02 9993 4433

Website: www.cartesiancapital.com.au

Broker to the Offer

Lonsec Limited
ABN 56 061 751 102
Level 3
1 Bligh Street
Sydney NSW 2000

Level 21
500 Collins Street
Melbourne VIC 3000

Underwriter

LCS Capital Pty Limited
ABN 63 077 977 918
Level 21
500 Collins Street
Melbourne VIC 3000

Investigating Accountant

Pitcher Partners Corporate Pty Ltd
Level 19
15 William Street
Melbourne VIC 3000

Auditors

Armitage Downie & Co
3 Napier Street
Warragul VIC 3820

Share Registry

Registries Limited
28 Margaret Street
Sydney NSW 2000

PO Box R67
Royal Exchange NSW 1223

Tel: 02 9290 9600

Fax: 02 9279 0664

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