



**REDFLEX**  
H O L D I N G S

Redflex Holdings Limited

ACN 069 306 216

31 Market Street, South Melbourne, Victoria, Australia 3205  
Tel: +61 3 9674 1888 Fax: +61 3 9699 3566 www.redflex.com

---

Release to Australian Stock Exchange

---

## **Chairman's and CEO's Reports Notice of AGM**

**27 October 2003.** The directors are pleased to provide the Chairman's and CEO's Reports. These reports are included in the Company's 2003 Annual Report being mailed to shareholders today.

Also attached is Notice of the Company's annual general meeting being held 25 November 2003 and included with the Notice is an Explanatory Statement. This Notice and Statement, together with a proxy form and annual report election notice as attached, are also being mailed today.

The full Annual Report is available from the Company's website – [www.redflex.com](http://www.redflex.com).

For further information:

Marilyn Stephens  
Company Secretary  
Redflex Holdings Limited  
[marilys@redflex.com.au](mailto:marilys@redflex.com.au)  
(03) 9674 1712

Graham Davie  
Chief Executive Officer  
Redflex Holdings Limited  
[grahamd@redflex.com.au](mailto:grahamd@redflex.com.au)  
(03) 9674 1888

# CHAIRMAN'S REPORT

## DEAR SHAREHOLDERS,

The last year has been a historic one for our Company. The shareholders 12 months ago indicated that a corporate transformation was required and by appointing the new Board gave a mandate to the Directors to carry it out. The Board has worked hard all year to address various issues and is generally pleased with achievements to date whilst being acutely mindful of the tasks still in front of our Company.

Various legacy issues needed to be identified and quantified leading to large but necessary and prudent financial provisioning. Whilst a larger than expected loss for the financial year was the unavoidable outcome of this process, it must be noted that the Company achieved a \$1.3 million trading profit. The Board is confident that it has now addressed these legacy issues and shareholders can expect ongoing and increasing profitability.

The Traffic Division continues to grow strongly both in Australia and the USA where the installed base has increased by approximately 80% over the last year. Similar growth over the next 12 months is also expected together with ever increasing hardware sales to the Australian and global markets.

The Communications Division, which is largely dependent on the international aviation and defence industries, has found the environment over the last two years, for a number of well known reasons, to be commercially difficult. Whilst an immediate dramatic turnaround is unlikely, the Board believes that there are signs of significant strengthening in the global aviation and defence environment and strenuous efforts are being made both domestically and internationally to take advantage of any upturn. The Division is currently under detailed review by the Board with a view to best shaping its future direction.

During the past 12 months a close working relationship has been established between the Company and its new bankers, the National Australia Bank. The bank's financial assistance to the Company to facilitate its rapid expansion, particularly in the Traffic area, has been of fundamental importance and the Board is hopeful that the relationship is one that will grow for many years to come to the mutual benefit of both parties.

A further milestone of significance for the Company during the past 12 months has been the completion of the move by the Company to new modern premises containing state of the art facilities located in Market Street,



South Melbourne. These premises provide the headquarters for the Company and constitute a vast improvement on the previous corporate accommodation. The Company should be well served in its new home for many years to come.

The Board is pleased to welcome Mr Peter Lewinsky into its ranks as a non-executive Director. Mr Lewinsky has a broad commercial background at Board level in both the corporate and governmental arenas acquired over many years of investment banking practice. He has been working alongside the Board in a consultant capacity since early calendar 2003 and his acumen, knowledge and insight have been of great benefit to the Company and will doubtless continue to be.

Redflex is wonderfully positioned to grow and prosper both in Australia and overseas. Its products are world leading and shareholders may rest assured that the Board will continue to diligently pursue the great opportunities on offer to the Company.

I take the opportunity to thank the Company's staff for their unstinting efforts during the past year in often less than ideal circumstances. Similarly, the Board thanks the Company's shareholders for their ongoing long-standing loyal support. The Board is pleased that during the past 12 months there has been significant market recognition of the Company's improved position and is optimistic that such progress will continue into the future.

A handwritten signature in black ink, appearing to read 'Ch. Cooper'. The signature is fluid and cursive, written over a thin horizontal line.

**Christopher Cooper**  
Chairman

# CHIEF EXECUTIVE OFFICER'S REPORT

## REFLEX HOLDINGS LIMITED

Redflex enters the 2003/2004 financial year with strong growth in the USA already committed, a strong order book in the Australian Traffic operation and a healthy prospects list for the Communications division. The company is the premier supplier of digital red-light photo-enforcement systems in the USA, and has moved to take up a dominant position in the Australian market.

The current Board structure was put in place in November 2002. Since that time it has overseen a significant transformation within the company. The Board immediately recognised the requirement to deal with matters that had the potential to limit the company's growth. An appropriate mix of debt and equity funding was secured, a range of legacy and historical issues were dealt with, and there has been a strong focus on the expansion of the operations of the business.

With non-recurring items and provisions now in the past, Redflex is poised to show significant growth and deliver a strong profitable result in the 2003/04 financial year.

Against this backdrop, the following information is presented.

## HIGHLIGHTS

- Revenues in the USA are growing with the increasing installed base, and the Traffic operation has moved to profitability. Year to date revenues for the current financial year are over 70% higher than for the corresponding period last year.
- At the date of this report, installed approaches in the USA are 180, compared with 101 at the same time last year.
- New sales contracts in twelve cities in the USA and renewals and extensions on a further two indicate a very strong current order book.
- Implementation capability in the USA has been expanded to sustain a rollout capacity exceeding 10 approaches per month.
- Four major new Traffic contracts were won in Australia, demonstrating Redflex' increasing success in the market.
- Strong support from shareholders and investors with \$10.6 million equity raised.
- Support from National Australia Bank with a USD debt facility for camera rollout.
- New Communications contracts with international prime contracting companies, Lockheed Martin and Northrop Grumman.
- The Communications division's first sale to the USA Department of Defence, and a further follow on contract.

## GROUP RESULT SUMMARY

### Trading Result

The operating profit for the group was \$1.31 million before non-recurring items and provisions, reflecting the underlying strength in the company.

Gross revenue of \$23.5 million was down 12.6 % on the previous financial year (\$26.9 million). This was due to: divestment of two business divisions; reduced revenue in the Communications Division attributable to the impact of global events and exchange rate exposures; and the move in the AUD/USD exchange rate by approximately 20% reducing the reported revenue from the growing USA Traffic business due to translation effects.

Non-recurring items totalled \$3.2 million, and provisions relating to non-trading activities were \$1.85 million, resulting in a net loss of \$3.74 million.

### Non Recurring Items

There were a number of non-recurring items that had an adverse effect on the result for the full year. For the first half of the financial year, these were: the costs of pursuing a finance transaction that did not proceed to completion and restructuring costs.

The Communications division has been affected by the major shift in the AUD/USD exchange rate, which varied by approximately 20% over the course of the financial year. Redflex Communications has most of

# CHIEF EXECUTIVE OFFICER'S REPORT

its contracts in USD and because of the constrained financial circumstances at the time of entering into the contracts, was unable to put in place appropriate hedging instruments. The overall effect of this was approximately a \$1.76 million foreign exchange loss for the financial year.

The company now has exchange rate forward cover in place and a policy that addresses the appropriate approach to forward cover for all non-AUD contracts entered into. Consequently, exchange rate losses are regarded as non-recurring.

## Provisions

The directors have taken a strong position on provisioning. Provision has been made for:

- Possible non-recovery of some loans under past structured finance transactions. The company will continue to follow up all outstanding amounts with a view to full recovery.
- The possible non-recovery of some of the proceeds of the sale of business effected in the 2001/2002 year.
- Limited recourse employee loans under the Employee Share Acquisition Scheme.

All provisions relate to non-trading activities that occurred prior to the 2002/2003 financial year.

	<b>A\$'000</b>
<b>Trading Result</b>	
Redflex Traffic Systems	2,512
Redflex Communications Systems	864
Redflex Holdings Limited	(2,062)
	<hr/> 1,314
<b>Non Recurring Items</b>	
Financing Costs	(1,241)
Restructuring Costs	(202)
Foreign Exchange Loss	(1,757)
Total Non Recurring	<hr/> (3,200)
Provisions relating to non trading activities	<hr/> (1,850)
<b>Net Profit/(Loss)</b>	<hr/> <b>(3,736)</b> <hr/>

## FINANCING ACTIVITIES

Through the year a number of successful financing activities have occurred. The USA based traffic business has required ongoing capital funding to enable it to grow at a rate consistent with the growth in the market and maintaining market share. The current growth will require additional funding to ensure that the opportunity to build the business in the rapidly growing USA market is realised.

During the year, the USA traffic business began to generate positive cash flow from operations. This is sufficient to fund the operational costs and some of the committed growth. However external ongoing funding is required to fund the capital expenditure necessary to roll out cameras to meet the Build-Own-Operate Model (BOOM) requirements. The requirement for ongoing capital funding will reduce as more cameras are installed and the revenue base grows progressively.

Through the 2002/03 financial year, an appropriate mix of debt and equity funding was put in place to meet the requirements of the company. The involvement of the National Australia Bank as a senior debt provider and the support of shareholders and investors in equity raisings through the Share Purchase Plan and associated placement underpinned the growth delivered through the year. A further standby debt facility has been available to the company.

For the year ahead, additional financing will be required and the board is considering a range of options. A mix of debt and equity will be sourced to meet the growth expectations for the group.

# CHIEF EXECUTIVE OFFICER'S REPORT

## **REFLEX TRAFFIC SYSTEMS USA – REVIEW OF OPERATIONS**

Redflex Traffic Systems in the USA provides complete outsourced traffic photo-enforcement solutions to cities across the USA. These solutions include fixed red-light, fixed speed, mobile speed and combination speed and red-light cameras in conjunction with leading edge high volume citation processing.

The business is based on a Build-Own-Operate-Maintain (BOOM) model whereby Redflex provides all infrastructure and support for either a fixed monthly fee or a share of revenue. Contracts are typically for a five year period with options to extend by one or two years. During the contract Redflex provides a full set of services and support to the cities.

The traffic business has continued to grow in the USA with increasing momentum in sales and the rate of rolling out camera installations. Redflex Traffic Systems has committed contracts, including those already installed, in 29 cities in seven states. Of these, 180 approaches are currently installed.

Sales for the year have been exceptional, with new contracts announced since July 2002 in the cities of: Dayton, Ohio; Scottsdale, Arizona where the existing contract was renewed and extended; Southgate, California; Santa Ana, California; Monroe, North Carolina; Indian Trail, North Carolina; Inglewood, California; Marshville, North Carolina; Savannah, Georgia; Oxnard, California; El Monte, California; Upland, California; Rome, Georgia; Garden Grove, California – with an extension to the existing contract; Hawthorne, California; Toledo, Ohio, where the contract has been renewed and extended with an additional 10 approaches, a speed van, and upgrades of the existing red-light system to combination red light and speed; Cary, North Carolina and Chicago, Illinois.

Cameras will be installed in these cities progressively to meet the expectations of these new customers. The committed contracts underpin the next major stage of growth, and a strong pipeline of selections, bids and prospects should ensure that the growth in sales continues.

The rollout rate for photo enforcement systems is now expected to be well in excess of the planned 10 approaches per month. A further installation team has been formed to ensure that the rollout momentum continues.

Redflex Traffic Systems' reputation in the industry continues to grow. Many cities now see Redflex as the provider of choice for photo enforcement systems.

Redflex Traffic Systems is now clearly the number one supplier of digital traffic photo enforcement systems in the USA, as evidenced by the number of contracted systems and the rate at which new contracts are being won.

Other key events for the year include the relocation of the CEO of the Traffic division to the USA to focus on the growth opportunities and the critical implementation phase of new contracts in the USA, the filling of the key executive positions of Director of Construction to direct all aspects of the rollout of contracted cameras, and the appointment of a Financial Controller for the American operation. These appointments position the company to capitalise on the growth emerging through the sales pipeline.

## **REFLEX TRAFFIC SYSTEMS IN AUSTRALIA**

The Australia based Traffic business also delivered an impressive performance with contracts signed in a number of jurisdictions, and development of key opportunities.

Major new contracts announced were: Transit Lane enforcement on the Liverpool to Paramatta Transit Way; the NSW School Zone Roadside Fixed Digital Speed Cameras; Red light/Speed Combination systems for the Department of Justice in Victoria; and Point-to-point Speed cameras on the Hume Freeway. More recently the company announced the award of a new contract for supply of a back office system for the Western Australia Police Service.

The company has won projects in a competitive environment, and has demonstrated its leadership in the areas of technology, capability and support. In addition, Redflex has won work to extend and enhance existing systems.

Redflex Traffic Systems is addressing an emerging global market and will be committing resources to develop opportunities in key countries where profitable opportunities exist. The signing of a heads of agreement with a company in South Africa to represent Redflex products, and the development of

# CHIEF EXECUTIVE OFFICER'S REPORT

projects and opportunities in the Middle East and Europe are key elements of company plans to grow its global market.

The key to keeping ahead in the emerging traffic photo enforcement market is the ongoing development of existing products and the development of new products to meet identified future needs. The R&D activities of Redflex Traffic address both of these areas. Product enhancements to reduce costs and add competitive features are constantly being developed. New products are being produced to meet existing or predicted market opportunities.

## **REFLEX COMMUNICATIONS SYSTEMS**

The Communications Division showed its resilience in difficult times despite reduced revenues due to the prevailing global circumstances. The division experienced a non-recurring exchange rate loss of \$1.76 million, due to the inability of the group to put in place appropriate forward cover arrangements as a result of previous constrained financial circumstances.

The result for the division has been short of expectations, and improved performance is expected in the current financial year.

Over the year progress was made in delivering complex Air Defence Communications systems to key clients, including the Royal Australian Air Force, Lockheed Martin, Northrop Grumman and Tenix Defence Systems. New contracts were signed for multi-site Air Defence Systems for Lockheed Martin and Northrop Grumman for national defence customers.

In a significant development, Redflex made its first sale of its proprietary Switchplus technology in the form of a secure conferencing bridge to the USA Army. This is expected to lead to further orders with the USA Government.

The Communications Business has a prospects list going out three years, and expects to see increases in revenue in the 2003/04 financial year based on assessed probabilities of winning identified and qualified prospects.

The aviation and defence markets for Redflex Communications have been adversely affected by the combined effects of: the terrorist attacks of September 11; the impact of wars in Afghanistan and Iraq; and the effect of global terrorism. Indications are that the worst effects are now behind us with a perceived increase in proposed acquisition activity in the Defence sector.

Redflex Communications engages in focused product development activities that are targeted to specific market needs or opportunities. The formal release of the Redflex third generation voice and data switching system, Switchplus Gen 3, has involved significant development to ensure that the company's products and capabilities stay at the forefront of the specialised communications area in which it operates.

## **BOARD CHANGES**

At the commencement of the financial year, the Board comprised Mr Phillip Scanlan as Chairman, the Hon Lord John Gilbert and Mr David Heaney as non-executive directors, and Mr Graham Davie as executive director. In August, Mr Chris Cooper and Mr Robin Debernardi were appointed as non-executive directors. Shareholders confirmed their appointment at the annual general meeting in November 2002. At that meeting Messrs Scanlan, Gilbert and Heaney declined to stand for re-election and Mr Cooper was appointed Chairman. Recently Mr Peter Lewinsky has been appointed to the board as a non-executive director. The board composition, in conjunction with the professional advisers retained to provide advice on legal, financial, HR and general corporate matters, is considered adequate for the current stage of the company's development. The Board composition will be reviewed on an on-going basis under the Corporate Governance code adopted by the Board.

## **CORPORATE GOVERNANCE**

The Board has reviewed its Corporate Governance policies and practices in the light of the release of the ASX document 'Principles of Good Corporate Governance and Best Practice Recommendations' and has made changes in some areas where the Board believes appropriate. There is a statement of the degree of compliance against this document elsewhere in the annual report.

# CHIEF EXECUTIVE OFFICER'S REPORT

## **TOUCHSCREEN DIVESTMENT**

The divestment of the Touchscreen division was completed in the first half of the financial year. There were residual revenues recorded for this division, and negligible profit for the period.

## **LITIGATION**

Subsequent to the end of the financial year, patent related litigation with Locktronic was settled. Terms of the settlement are confidential.

## **OUTLOOK**

The group has budgeted to make a substantial profit in the year ahead. For this year the board has decided not to issue a specific forecast, but will make timely reports on performance to the Australian Stock Exchange and on the company web site, [www.redflex.com.au](http://www.redflex.com.au).

Your Board looks forward to delivering a strong result over the next 12 months.

The support of shareholders and investors during the year, with successful equity raisings totalling \$10.6 million through a Share Purchase Plan and placements was appreciated and allowed the achieved growth to occur.

Thank you again to shareholders, financiers, customers, suppliers, advisers and staff who have supported the company over the past year, and who have been and will continue to be the key to future success.

A handwritten signature in black ink, appearing to read 'G. Davie', written in a cursive style.

**Graham Davie**

Chief Executive Officer

30 September 2003

---

# Redflex Holdings Limited

ABN 96 069 306 216  
31 Market Street, South Melbourne, Vic, Australia 3205  
Tel: +61 3 9674 1888 Fax: +61 3 9699 3566

## NOTICE OF MEETING

Tuesday, 25 November 2003

---

NOTICE is hereby given that the Annual General Meeting of the shareholders of Redflex Holdings Limited will be held at 9.30am on Tuesday, 25 November 2003 at ASX Theatre, 530 Collins Street, Melbourne, Victoria, Australia.

### ORDINARY BUSINESS

#### 1 Financial Report

To receive and consider the financial report of the Company for the year ended 30 June 2003 and the related directors' report, directors' declaration and auditor's report.

#### 2 Re-election of Directors

- (a) Christopher Cooper retires by rotation in accordance with the Company's constitution, and being eligible, offers himself for re-election.
- (b) Robin Debernardi retires by rotation in accordance with the Company's constitution and, being eligible, offer himself for re-election.
- (c) Peter Lewinsky, who was appointed a Director by the Board on 16 October 2003, retires in accordance with Rule 35(b) of the Company's constitution and, being eligible, offers himself for re-election.

### SPECIAL BUSINESS

#### 3 Ratification of prior issue of 1,800,000 options to Bruce Higgins

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, pursuant to Listing Rule 7.4, the grant, allotment and issue by the Company of 1,800,000 options to Bruce Higgins, details of which are contained in the Explanatory Statement which is attached to and forms part of this Notice, be and is hereby ratified."

#### 4 Ratification of prior issue of options to Senior Redflex Executives

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, pursuant to Listing Rule 7.4, the grant, allotment and issue by the Company of 2,655,000 options to certain senior employees, details of which are contained in the Explanatory Statement which is attached to and forms part of this Notice, be and is hereby ratified."

#### 5 Share Purchase Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, pursuant to Listing Rule 7.1, approval be and is hereby given to the Company to issue fully paid ordinary shares to the shareholders of the Company who elect to participate in the Share Purchase Plan, as described in the accompanying Explanatory Statement."

#### 6 Approval of proposed placement of ordinary shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, pursuant to Listing Rule 7.1, approval be and is hereby given to the Company to issue fully paid ordinary shares to investors to be identified by the Board and by financial brokers selected by the Board, as described in the accompanying Explanatory Statement."

#### 7 Approval of proposed placement of ordinary shares to C Cooper

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, for the purposes of Chapter 2E and ASX Listing Rule 10.11, approval be and is hereby given to the issue by the Company of up to 500,000 fully paid ordinary shares to Mr Christopher Cooper (or his nominee) under the placement described in the Explanatory Statement which is attached to and forms part of this Notice."

#### 8 Approval of proposed placement of ordinary shares to R Debernardi

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That, for the purposes of Chapter 2E and ASX Listing Rule 10.11, approval be and is hereby given to the issue by the Company of up to 500,000 fully paid ordinary shares to Mr Robin Debernardi (or his nominee) under the placement described in the Explanatory Statement which is attached to and forms part of this Notice."

## **Voting Restrictions**

1. In accordance with Rules 7.5.6 and 14.11 of the Listing Rules, the Company will disregard a vote cast:
  - in respect of Resolution 3 by Bruce Higgins and his associates; and
  - in respect of resolution 4 by a person who participated in the issue and the associates of such persons.However, the Company need not disregard a vote if:
  - it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
  
2. In accordance with Rules 7.3.8 and 14.11 of the Listing Rules, the Company will disregard a vote cast in respect of Resolution 6 by:
  - any person who may participate in the issue of fully paid ordinary shares and persons who might obtain a benefit, except a benefit solely in the capacity of a shareholder, if the resolution is passed; and
  - any associate of any of the above ineligible persons.However, the Company need not disregard a vote if:
  - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
  - it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
  
3. In accordance with section 224 of the Corporations Act and Rules 10.13.6 and 14.11 of the Listing Rules the Company will disregard a vote cast:
  - in respect of Resolution 7 by Christopher Cooper and his associates;
  - in respect of Resolution 8 by Robin Debernardi and his associates.However, the Company need not disregard a vote if:
  - it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; and
  - the vote is not cast on behalf of the related parties or their associates.

By Order of the Board  
Marilyn Stephens  
Company Secretary  
27 October 2003

## **Voting Information**

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements for the Annual General Meeting will be as it appears in the share register as at 7.00pm on 23 November 2003.

A member entitled to attend and vote is entitled to appoint no more than two proxies. Where two proxies are appointed, the member may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. If a member appoints two proxies, neither may vote on a show of hands.

A proxy need not be a member of the Company.

The proxy form and the power of attorney (if any) under which the proxy form was executed, or a certified copy of that power of attorney, may be lodged by posting or facsimile to the registered office of the Company at 31 Market Street, South Melbourne, Facsimile (03) 9699 3566 or to the Company's share registry:

**Computershare Investor Services Pty Limited**  
**GPO Box 242, Melbourne, Victoria, 3001**  
**Facsimile (03) 9473 2555**

not less than 48 hours before the time of the meeting.

A form of proxy is enclosed with this Notice. An additional form can be supplied on request.

If a representative of a corporate member is to attend the meeting pursuant to section 250D of the Corporations Act, a certificate of appointment of the representative must be produced prior to admission to the meeting.



---

# **Redflex Holdings Limited**

ABN 96 069 306 216

## **EXPLANATORY STATEMENT**

**ANNUAL GENERAL MEETING: Tuesday 25 November 2003**

---

This Explanatory Statement forms part of a Notice convening the Company's Annual General Meeting. The information included in this Explanatory Statement will assist shareholders in understanding the background and legal and other implications of the resolutions set out in the Notice and the reasons why they have been proposed.

This Explanatory Statement is an important document and should be read in its entirety and in conjunction with the Notice.

### **ORDINARY BUSINESS**

#### **CONSIDERATION OF REPORTS**

The financial report of the Company for the year ended 30 June 2003 and the related directors' report, directors' declaration and auditor's report will be presented for consideration by the Company's shareholders. No formal resolution on these reports is required.

#### **RE-ELECTION OF DIRECTORS**

Christopher Cooper, Chairman and Non-executive Director, and Robin Debernardi, Non-executive Director, retire by rotation in accordance with the Company's constitution and, being eligible, offer themselves for re-election. Information about Mr Cooper and Mr Debernardi appears in the Company's Annual Report.

Peter Lewinsky who was appointed by the Board of Directors on 16 October 2003, retires in accordance with Rule 35(b) of the Company's constitution and, being eligible, offers himself for re-election.

Mr Lewinsky brings valued expertise to the Redflex Board. Following ten years investment banking and stockbroking experience both in Australia and internationally with Capel Court, McIntosh Corporate and Morgan Grenfell, in 1996 Peter was a founding partner of Hindal Corporate, a private investment banking and corporate advisory practice in association with networks of professionals. He has strong expertise in finance, capital markets, major project management and corporate governance and is a member of various public company and government boards, providing strategic corporate advice.

### **SPECIAL BUSINESS**

#### **Resolutions 3 and 4**

Subject to certain exceptions, ASX Listing Rule 7.1 requires shareholder approval for an issue of equity securities (which includes ordinary shares and options over unissued ordinary shares) if, over a 12 month period, the amount of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12 month period plus the number of fully paid ordinary shares issued with the approval of shareholders or under one of the exceptions during the previous 12 months. Under ASX Listing Rule 7.4, a prior issue of equity securities made without shareholder approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1, if the issue did not breach Listing Rule 7.1 and holders of ordinary shares subsequently approve the issue.

The issue of options to Bruce Higgins and to other senior executives within the Company were made without shareholder approval. Therefore under Listing Rule 7.4, shareholder approval is sought for these prior issues of equity securities by the Company, thereby allowing the Company to restore its ability to issue equity securities up to the 15% "limit" in the 12 months following the AGM. This will provide the Company with greater flexibility to undertake a capital raising over the next year.

### **(a) Issue of 1,800,000 options to Bruce Higgins**

In the second half of the 2002 calendar year, the Company pursued a funding proposal from Macquarie Pratt Investments (MPI). That proposal did not proceed.

The agreement to grant 1,800,000 options at an exercise price of \$0.50 to Mr Higgins, the CEO of Redflex Traffic Systems Inc, (RTSI) was renegotiated from an earlier agreement reached by the previous board in the context of the MPI funding transaction. That agreement was to have resulted in 4% of the equity in RTSI being granted to Mr Higgins as stock options. The current directors felt that any dilution in the equity in the subsidiary was not in the best interests of shareholders and sought an alternative agreement.

The exercise price of \$0.50 applying to these options was based on the market price at the earlier date of the move of Mr Higgins to the USA. There are no hurdles applying to these options which is in line with the earlier agreement.

In respect of Resolution 3, the following information is included for the purpose of compliance with Listing Rule 7.5:

- The number of securities allotted: 1,800,000 options
- The price at which securities were issued: Nil
- The terms of the securities:

The options the subject of Resolution 3 were issued on the following terms:

- (a) each option will expire on 1 February 2008;
- (b) 600,000 of the options may be exercised on or after 1 February 2004, after which date a further 50,000 options become eligible to be exercised on the first day of each calendar month thereafter;
- (c) the options held by the holder can be exercised in whole or in part prior to the expiry date;
- (d) options that are not eligible to be exercised at the date the holder terminates his employment with the Company will automatically expire;
- (e) the exercise price is \$0.50;
- (f) the options are not transferable except to an associate of the holder;
- (g) the optionholder will be permitted to participate in any new pro-rata issue of securities of the Company on prior exercise of the options in which case the optionholder will be afforded the period of at least 10 business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the options;
- (h) the options do not confer on the holder any right to participate in dividends until shares are allotted pursuant to the exercise of the options;
- (i) in the event of a reorganisation of the issued capital of the Company, the options will be reorganised in a manner which will not result in any benefits being conferred on optionholders which are not conferred on shareholders;
- (j) the number of ordinary shares to be issued pursuant to the exercise of options will be adjusted for bonus issues made prior to exercise of the options so that, upon exercise of the options, the number of shares received by the optionholder will include the number of bonus shares that would have been issued if the options had been exercised before the record date for the bonus issues. The exercise price of the options shall not change as a result of any such bonus issues; and
- (k) the options will not be listed for quotation on the ASX.

### **(b) Issue of 2,655,000 options to senior Redflex executives**

In the context of the MPI transaction, offers had also been made to other key RTSI executives, dating back to October 2002, for 0.9% each of the equity in RTSI. A number of other executives in the Redflex Group have

also had commitments in their employment agreements entitling them to participation in long term incentive arrangements outstanding for as long as two years.

In order to ensure that all executives were dealt with fairly and equitably, the board offered options to key executives consistent with commitments the Company had made in respect of its participation in Long-Term Incentive (LTI) arrangements.

The exercise price of \$0.58 was based on the market price on the base date of 30 June 2003, in view of the following: commitments were in place that significantly predated that base date; the desire of the board not to disadvantage executives substantially relative to the terms of the agreement with Mr Higgins; that consideration of the employee options by the board took place over the period May-August 2003 when the market price was consistent with the exercise price; and that it has been common practice to make remuneration adjustments effective from the start of the financial year.

In respect of Resolution 4, the following information is included in accordance with Listing Rule 7.5:

- The number of securities allotted: 2,655,000 options
- The price at which securities were issued: Nil
- The terms of the securities:

The options the subject of Resolution 4 were issued on the following terms:

- (a) each option will expire on 30 September 2008;
  - (b) one third of the options may be exercised on or after 1 February 2004;  
one third of the options may be exercised on or after 1 February 2005;  
one third of the options may be exercised on or after 1 February 2006;
  - (c) the options held by each holder can be exercised in whole or in part prior to the expiry date;
  - (d) options that are not eligible to be exercised at the date the holder terminates their employment with the Company will automatically expire;
  - (e) the exercise price of the options as at the date of issue is \$0.58 and will increase at the compounding rate of 3% per annum until exercised;
  - (f) the options are not transferable except to an associate of the holder;
  - (g) the optionholder will be permitted to participate in any new pro-rata issue of securities of the Company on prior exercise of the options in which case the optionholder will be afforded the period of at least 10 business days prior to and inclusive of the record date to determine entitlements to the issue to exercise the options;
  - (h) the options do not confer on the holder any right to participate in dividends until shares are allotted pursuant to the exercise of the options;
  - (i) in the event of a reorganisation of the issued capital of the Company, the options will be reorganised in a manner which will not result in any benefits being conferred on optionholders which are not conferred on shareholders;
  - (j) the number of ordinary shares to be issued pursuant to the exercise of options will be adjusted for bonus issues made prior to exercise of the options so that, upon exercise of the options the number of shares received by the optionholder will include the number of bonus shares that would have been issued if the options had been exercised prior to the record date for the bonus issues. The exercise price of the options shall not change as a result of any such bonus issues; and
  - (k) the options will not be listed for quotation on the ASX.
- The names of the allottees or the basis on which allottees were determined:  
Senior executives employed within the Redflex Group whom the directors determined were appropriate recipients of the options.

## **Resolution 5 Approval of proposed issue of shares pursuant to a Share Purchase Plan**

On 22 October 2003, the Company announced a Share Purchase Plan which entitles all persons registered as holders of fully paid ordinary shares in the Company on 3 November 2003, with a registered address in either Australia or New Zealand ("**Eligible Shareholders**") to acquire a parcel of fully paid ordinary shares valued from \$1,000, up to a maximum \$5,000, at a discounted issue price. The fully paid ordinary shares to be issued in accordance with the Share Purchase Plan will rank equally with existing fully paid ordinary shares.

The net proceeds from the Share Purchase Plan will assist in financing the rollout of the Company's rapidly growing camera program in the USA. Reflex has made significant progress in the program over the past 12 months, with an 80% increase in the installed base.

Details of how to participate in the Plan will be forwarded to shareholders in due course. Application forms to participate in the Share Purchase Plan must be received by the Company's share registry by 5.00pm on 21 November 2003. It is anticipated that shares will be issued under the Plan on or about 26 November 2003, the day after the Annual General Meeting, but in any event no later than 3 months after the date of the AGM.

The issue price of the shares offered under the Plan will be at a discount of 10% to the market price of the Company's ordinary shares sold on the ASX, calculated over the last five business days before the date of issue. The market price of the Company's shares may change between the date of the offer and the date when the shares are issued under the Plan. Changes in the market price of the Company's shares over the last 5 days prior to the date of issue will be reflected in the issue price.

Subject to certain exceptions, ASX Listing Rule 7.1 requires shareholder approval for an issue of equity securities (which includes ordinary shares) if, over a 12 month period, the amount of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12 month period plus the number of fully paid ordinary shares issued with the approval of shareholders or under one of the exceptions during the previous 12 months. Depending on the issue price of shares under the Share Purchase Plan and shareholder participation in the Share Purchase Plan, it is possible that this 15% "cap" will be exceeded by issues of shares under the Share Purchase Plan. Accordingly, shareholder approval is sought pursuant to Listing Rule 7.1 to enable the Company to issue shares in accordance with applications received under the Share Purchase Plan without exceeding the 15% limit prescribed by the Listing Rules and so that any shares issued under the Share Purchase Plan do not detract from the Company's ability to issue equity securities under the 15% limit.

If shareholder approval is given, all shares that Eligible Shareholders apply for will be issued, subject to the terms of the Share Purchase Plan. If shareholder approval is not given, shares applied for under the Share Purchase Plan will be issued, subject to the terms of the Share Purchase Plan, on a pro rata basis calculated by reference to the value of shares applied for, up to the 15% limit and excess application monies will be refunded, without interest.

In respect of resolution 5, the following information is included in accordance with Listing Rule 7.3:

- (a) The maximum number of securities the Company is to issue (if known) or the formula for calculating the number of securities the Company is to issue:

The number of shares to be issued will be calculated using a discount of 10% to the 5 day volume weighted average price of the Company's ordinary shares sold on the ASX, calculated over the last 5 days on which sales in the Company's ordinary shares are recorded before the date of issue. The number of shares to be issued will be determined by multiplying the number of shareholders who participate in the Share Purchase Plan by their level of participation divided by the issue price. As the issue price will only be determined on the day of issue, the Company is not presently able to determine the maximum number of shares that could be issued under the Share Purchase Plan.

- (b) The date by which the Company will issue the securities:

No later than 25 February 2004

- (c) The issue price of the securities:

A discount of 10% to the 5 day volume weighted average price of the Company's ordinary shares sold on the ASX, calculated over the last 5 days on which sales in the Company's ordinary shares are recorded before the date of issue.

- (d) The names of the allottees (if known) or the basis upon which allottees will be identified or selected:  
Eligible Shareholders as defined above.
- (e) The terms of the securities:  
Ordinary fully paid shares ranking equally with existing fully paid ordinary shares.
- (f) The intended use of the funds raised:  
Working capital requirements as set out above.
- (g) Date of allotment:  
Allotment of shares under the Share Purchase Plan will occur no later than 25 February 2004.

### **Resolution 6 - Approval of proposed placement of ordinary shares or other equity securities**

Shareholder approval is sought pursuant to Listing Rule 7.1 for a proposed placement of fully paid ordinary shares, to sophisticated and professional investors and other persons who do not require the Company to issue and lodge a disclosure document with the Australian Securities and Investment Commission under Chapter 6D of the Corporations Act. Such investors will be identified by the Board and financial brokers selected by the Board. Raising equity in this fashion will ensure that capital is raised as quickly and as cost effectively as possible. Approval of this resolution will enable the Company to issue shares pursuant to the proposed placement without contravening the 15% limit prescribed by the Listing Rules and so that any shares issued under the placement do not detract from the Company's ability to issue equity securities under the 15% limit.

The Company is not presently able to finally determine the number of shares, if any, it will issue pursuant to the proposed placement as this will depend on the Company's capital requirements in the short term. The Company proposes to raise up to \$6 million for working capital purposes through a combination of the Share Purchase Plan (see Resolution 5 above) and the placement for which approval is sought pursuant to this Resolution. The extent to which the Directors make a placement of fully paid ordinary shares in accordance with this resolution will therefore depend on the amount raised under the Share Purchase Plan.

Funds raised from the placement will be used for working capital purposes including the roll out of the Company's rapidly growing camera program in the USA. Fully paid ordinary shares issued pursuant to the proposed placement would rank equally in all respects with existing fully paid ordinary shares and, if the placement takes place, will be issued on a date or dates to be determined by the Board but in any event no later than 3 months after the date of the Annual General Meeting.

In respect of resolution 6, the following information is included in accordance with Listing Rule 7.3:

- (a) The maximum number of securities the Company is to issue (if known) or the formula for calculating the number of securities the company is to issue:  
  
The maximum number of fully paid ordinary shares that may be issued under the proposed placement depends on the amount of capital required by the Company after having regard to the amount of cash raised under the Share Purchase Plan.  
  
Therefore the Company is not presently able to finally determine the number of shares, if any, it will issue. However, as a guide, if no cash was raised under the Share Purchase Plan and/or the Company wished to raise the full \$6 million from the placement, the number of shares to be issued will be calculated by dividing \$6 million by the issue price of the shares under the placement.
- (b) The date by which the Company will issue the securities:  
  
Not later than 25 February 2004
- (c) The issue price of the securities:

Any securities issued under the placement will be issued for a minimum issue price per share which is at least 80% of the volume weighted average market price of the Company's ordinary shares sold on ASX, calculated over the last 5 days on which sales in the Company's ordinary shares are recorded before the date of issue. The Board will set the issue price of the shares taking into account market factors and the price of shares that may be issued under the Share Purchase Plan.

- (d) The names of the allottee (if known) or the basis upon which allottees will be identified or selected:

As stated above.

- (e) The terms of the securities:

Ordinary fully paid shares ranking equally with existing fully paid ordinary shares.

- (f) The intended use of the fund raised:

As stated above.

- (g) Date of allotment:

No later than 25 February 2004.

### **Resolutions 7 and 8 - Approval of proposed issue of fully paid ordinary shares to C Cooper and R Debernardi**

It is proposed that, should the Company proceed to make a placement in accordance with the terms described in the explanatory notes in respect of resolution 6 above, Mr Cooper and Mr Debernardi (or their nominees) be entitled to participate in that placement. It is noted that both Mr Cooper and Mr Debernardi have significant holdings in the Company and would wish to participate in any placement.

Shareholders should note that if the placement the subject of resolution 6 is not implemented within 1 month of the AGM, then, unless the ASX agrees otherwise, Mr Cooper and Mr Debernardi will not participate in the placement and no shares will be issued to them under resolutions 7 and 8. This is because Listing Rule 10.13.3 requires that the date by which Redflex may issue the shares to Mr Cooper and Mr Debernardi must be no later than 1 month from the date of the meeting.

#### **(a) Requirements under the Corporations Act**

Subject to certain exceptions, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party unless the Company obtains shareholder approval. As Mr Cooper and Mr Debernardi are directors of the Company each is deemed to be a related party of the Company under section 228(2) of the Corporations Act.

In addition, 228(4) of the Corporations Act provides that any entity controlled by such a "related party" is deemed also to be a related party.

Section 229(1)(c) of the Corporations Act provides that in deciding whether a financial benefit is given, any consideration that is or may be given for the benefit (such as the subscription price for the shares to be issued) is to be disregarded, even if it is adequate.

The issue of ordinary fully paid shares constitutes the Company giving a financial benefit to a related party.

Section 208 of the Corporations Act provides that a public company may give a financial benefit to a related party if a resolution of the shareholders of the public company permits the benefit to be given, and the resolution was passed at a general meeting of the public company held within 15 months before the public company gives the benefit. In addition, certain conditions prescribed by Division 3 of Part 2E.1 of the Corporations Act have been satisfied in relation to the resolution.

Resolutions 7 and 8 are therefore, intended to satisfy these requirements.

Set out below is the information which is required under 219 of the Corporations Act to be included in the Explanatory Statement to accompany a notice of meeting:

- (a) The related parties to whom the proposed resolutions would permit financial benefits to be given.
- The related parties are Mr Christopher Cooper and Mr Robin Debernardi and any of their respective nominees.
- (b) The nature of the financial benefits: The financial benefits are up to 500,000 fully paid ordinary shares which may be issued to Mr Cooper and up to 500,000 fully paid shares which may be issued to Mr Debernardi (or their respective nominees) and any advantages thereby conferred which can only be gauged by reference to the consideration provided, the underlying assets of the Company, the price of the Company's ordinary shares from time to time and the number of ordinary shares on issue in the Company from time to time.
- (c) In relation to each director of the Company:
- (i) if the director wanted to make a recommendation to members about the proposed resolution – the recommendation and his or her reasons for it; or
  - (ii) if not why not? or
  - (iii) if the Director was not available to consider the proposed resolution – why not?

Mr Cooper and Mr Debernardi make no recommendations in relation to Resolutions 7 or 8. The reason for this is that they (or their respective nominees) may be issued shares pursuant to the respective resolution that applies to them.

Mr Davie and Mr Lewinsky recommend that shareholders approve the resolutions which will allow shares to be issued to Mr Cooper and Mr Debernardi under the proposed placement described in the explanatory notes relating to resolution 6.

Mr Davie and Mr Lewinsky believe that allowing Mr Cooper and Mr Debernardi to participate in the placement will improve the Company's capacity to raise funds that may be required by the Company in the next 3 to 6 months, because they are long time supporters of the Company. It is noted that both Mr Cooper and Mr Debernardi are deemed to be sophisticated investors under s708(8) of the Corporations Act and, if approval is received by shareholders, they will be able to participate in the proposed placement without needing to receive a prospectus from the Company.

Mr Davie and Mr Lewinsky also believe it would be appropriate for Mr Cooper and Mr Debernardi to participate in the placement given that their participation will be on the same terms as the other investors who will participate in the placement.

The Board intends to identify those shareholders who have a significant holding in the Company and who also meet the relevant Corporations Act requirements to participate in the offer without the requirement for the Company to lodge a prospectus with ASIC. This will ensure that equity capital may be raised by the Company as quickly and cost effectively as possible.

All Redflex directors are cognisant of their fiduciary and statutory duties as directors of the Company and, accordingly, will ensure that Mr Cooper and Mr Debernardi's participation in the placement will only occur if it is for a proper purpose, in good faith and in the best interests of the Company.

- (d) In relation to each such director whether the director had an interest in the outcome of the proposed resolutions 7 and 8.
- Mr Davie and Mr Lewinsky have no personal interest in the outcome of the proposed Resolutions 7 and 8. Mr Cooper has a personal interest in the outcome of proposed resolution 7. Mr Debernardi has a personal interest in the outcome of proposed resolution 8.
- (e) All other information that is reasonably required by members in order to decide whether or not it is in the Company's interest to pass the proposed resolutions and is known to the Company or any of its directors.

To the extent that the issue price of the 500,000 ordinary shares may be below the market price of the Company's shares at the time they are issued, the Company will have foregone the opportunity of issuing the relevant shares at a price higher than the issue price under the placement.

The issue of the shares will cause dilution of the shareholdings of existing shareholders. On the basis of the issued capital of the Company at the date of this Notice, the maximum number of shares which may be issued to Mr Cooper and Mr Debernardi under the placement will equate to less than 1.5% of the fully diluted fully paid ordinary capital of the Company.

Shares in the Company traded in the 12 months before 22 October 2003 in the range of \$0.445 to \$1.04 on the ASX.

The terms of the ordinary shares are the same as those attaching to all other ordinary shares.

The relevant interests in the Company of Mr Cooper and Mr Debernardi at the date of this Notice, including their related entities, is as follows:

	Ordinary Shares	Options over ordinary shares
Christopher Cooper	360,676	30,443
Robin Debernardi	2,686,393	354,380

## **Requirements under the Listing Rules**

### **(1) Chapter 10**

Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and "persons in a position of influence". Rule 10.11 provides that a company must not issue equity securities to a "related party" (or a person whose relationship with a related party is, in ASX's opinion, such that shareholder approval should be obtained) without the approval of the holders of ordinary securities by ordinary resolution. As noted above each of Mr Cooper and Mr Debernardi is a director of the Company and is, therefore, a "related party". Approval is, therefore, sought under Resolutions 7 and 8 for the purpose of fulfilling the requirements of Listing Rule 10.11.

The following information is included in this Explanatory Statement for the purposes of the Listing Rules:

- The maximum number of securities to be issued pursuant to Resolutions 7 and 8 is 500,000 ordinary fully paid shares to Mr Cooper (or his nominees) and 500,000 ordinary fully paid shares to Mr Debernardi (or his nominees).
- The shares are to be issued for cash consideration and will be issued at the same issue price per share as the shares to be issued under the proposed placement which is the subject of resolution 6.
- The allottees of the shares will be Mr Christopher Cooper and Mr Robin Debernardi or their nominees.
- The terms of issue of the shares the subject of Resolutions 7 and 8 are as set out above.
- The intended use of the funds raised are as set out above.
- The shares the subject of Resolutions 7 and 8 must, unless the ASX agrees otherwise, be issued within 1 month of the AGM in accordance with Listing Rule 10.3.3. As it is intended that the issue to Mr Cooper and Mr Debernardi may only be issued as part of the shares to be issued under the placement referred to in resolution 6, then, subject to ASX approval, no issue to Mr Cooper and Mr Debernardi will take place if the placement is not implemented by 25 December 2003.

### **(2) Chapter 7**

Exception 14 of Listing Rule 7.2 exempts from the prohibition under Rule 7.1 an issue of securities made with the approval of the holders of ordinary securities under Listing Rule 10.11 provided that the Notice states that if approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1



**REDFLEX**  
HOLDINGS

**Redflex Holdings Limited**  
ABN 96 069 306 216

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

# Proxy Form



**All correspondence to:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia  
Enquiries (within Australia) 1300 850 505  
(outside Australia) 61 3 9615 5970  
Facsimile 61 3 9473 2555  
www.computershare.com



SAMPLE CUSTOMER  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLETOWN TAS 7000

Securityholder Reference Number (SRN)



RDF

I 1234567890 I N D

## Appointment of Proxy

I/We being a member/s of Redflex Holdings Limited and entitled to attend and vote hereby appoint



the Chairman  
of the Meeting  
(mark with an 'X')

OR

Write here the name of the person you are appointing if  
this person is **someone other than** the Chairman of the  
Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Redflex Holdings Limited to be held at 9.30am on Tuesday, 25 November 2003 at the ASX Theatre, 530 Collins Street, Melbourne, Victoria, Australia and at any adjournment of that meeting.

### IMPORTANT: FOR ITEMS 3, 4, 6, 7 and 8 BELOW



If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on these items, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those Items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on these items and your votes will not be counted in computing the required majority if a poll is called on these Items. Subject to the Corporations Act, the Chairman of the Meeting intends to vote undirected proxies in favour of each Item.

## Voting directions to your proxy - please mark to indicate your directions

### ORDINARY BUSINESS

2(a). To re-elect Mr Christopher Cooper

2(b). To re-elect Mr Robin Debernardi

2(c). To re-elect Mr Peter Lewinsky

### SPECIAL BUSINESS

3. Approval of prior issue of options to Mr Bruce Higgins

For Against Abstain\*

	For	Against	Abstain*
2(a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(b)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(c)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Approval of prior issue of options to Redflex Executives

5. Approval of Share Purchase Plan

6. Approval of proposed placement of ordinary shares

7. Proposed placement to Mr Christopher Cooper

8. Proposed placement to Mr Robin Debernardi

For Against Abstain\*

	For	Against	Abstain*
4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

## PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

R D F

1 9 P R

004269\_V\_00726B



# How to complete the Proxy Form

## 1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

## 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 9.30am on Tuesday, 25 November 2003. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Reflex Holdings Limited share registry at the address opposite.

Reflex Holdings Limited share registry  
Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne Victoria 3001  
Australia  
Facsimile (03) 9473 2555



**REDFLEX**  
HOLDINGS

**Redflex Holdings Limited**

ABN 96 069 306 216

**Computershare**

All correspondence to:  
Computershare Investor Services Pty Limited  
GPO Box 2975 Melbourne  
Victoria 3001 Australia  
Enquiries (within Australia) 1300 850 505  
(outside Australia) 61 3 9615 5970  
Facsimile 61 3 9611 5710  
web.queries@computershare.com.au  
www.computershare.com



SAMPLE CUSTOMER  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLETOWN TAS 7000

Securityholder Reference Number (SRN)



I 1234567890 I N D

## Annual Report

Use a **black** pen.  
Where a choice is required,  
mark the box with an 'X'



**A**

### Annual Report Request

The company will automatically mail you an Annual Report each year unless you elect otherwise.



Please mark this box with an 'X' if you **DO NOT** wish to receive the company's Annual Report.  
You will, however, receive all other securityholder mailings including notices of meetings and proxy forms.



## How to complete this form

**A**

### Annual Report Request

#### *Can you help us reduce costs?*

We have many securityholders and it is costly for the company to produce and mail Annual Reports. We are required to automatically mail you a report each year unless you instruct us otherwise.

By marking the box overleaf you can select not to receive a copy of the company's Annual Report. However, you will still receive all other securityholder mailings including notices of meetings and proxy forms.

This instruction only applies to the specific holding identified by the SRN/HIN and the name appearing on the front of this form.

**The Annual Report, other releases and general company information are also available on our web site at [www.redflex.com.au](http://www.redflex.com.au)**

004289 Y\_00820A

3 A R

R D F

**Please return the completed form in the envelope provided or to the address opposite:**

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne Victoria 3001  
Australia

