REDFLEX
HOLDINGS
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Release to Australian Stock Exchange

Financial year 2002-3 Results

12 September 2003: Attached are:
2003 Results Summary, and
Appendix 4E for the 2002-3 financial year.

For further information:

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Redflex Holdings Limited

2003 Results Summary

Introduction

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 prospect 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. It 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 to provide for the growth of the business, 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 new financial year.

Against this backdrop, the following information is presented.

Highlights

- Revenues in 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 approximately 60% higher than for the corresponding period last year.
- At the date of this report, there are 161 installed photo enforcement systems in the USA, compared with 101 twelve months ago.
- 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 in Australia, demonstrating Redflex' increasing success in the local 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 US Department of Defence.

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 adverse move in the AUD/USD exchange rate by approximately 20% over the financial year 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, 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 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 in the 2002/2003 accounts 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 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.

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

Review of Operations

USA Traffic

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 27 cities in 7 states. Of these, 161 approaches are currently installed.

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

Orders for the year have been exceptional, with new contracts announced to the market 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, NC; Inglewood California; Marshville North Carolina; Savannah Georgia; Oxnard California; El Monte California; Upland California; Garden Grove California – with an extension to the existing contract; and Hawthorne California. Cameras will be installed in these cities progressively to meet the expectations of these new customers. A strong pipeline of selections, bids and prospects should ensure that the growth in new business continues.

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

Australian Traffic

The Australia based Traffic business has also delivered 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 Transitway; 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. The company has successfully bid these 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 around the world where profitable opportunities exist. The signing of a heads of agreement with a company in South Africa to represent Redflex products in that country, and the development of projects and opportunities in the Middle East and Europe are key elements of a plan to grow into this global market.

The key to keeping ahead in the emerging traffic photo enforcement market is 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, and new products are being produced to meet existing or predicted market opportunities.

Redflex 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 a greater level of performance and return 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 **Switch*plus*** technology in the form of a secure conferencing bridge to the US Army. This is expected to lead to substantial further orders with the US government.

The Communications Business has a strong prospects list going out three years, and expects to see significant 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 due the combined effects of: the terrorist attacks of Sep 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.

Product development activities have continued and Redflex Communications recently announced the release of its third generation voice and data switching system, **Switch*plus* Gen 3**.

Conclusion

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.

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 report appropriately on performance.

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

Graham Davie
Chief Executive Officer
12 September 2003

Appendix 4E

REDFLEX HOLDINGS LIMITED

ABN: 96 069 306 216

ASX PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2003

Results for announcement to the market and Lodged with the ASX under Listing Rule 4.3A

The Company showed revenue from ordinary activities of $23.5 million which was down 12.6 % on the previous financial year.

The reduction in revenue 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.

The trading profit for the group was $1.31 million before non-recurring items of $3.2 million and provisions of $1.85 million. This resulted in a net loss of $3.74 million.

Non-recurring items totaling $3.2 million included: professional and legal costs associated with a planned capital raising that was not completed, restructuring costs, and unhedged foreign exchange losses on contracts. The foreign exchange losses have arisen from Communications contracts in USD for which the group was unable to put in place adequate forward cover due to the previously constrained financial circumstances. The provisions relate to non-trading activities.

				$A'000
Revenues from ordinary activities	down	12.6%	to	23,517
Profit (loss) from ordinary activities after tax	Loss up		to	(3,736)
Net profit (loss) for the period attributable to members	Loss up		to	(3,736)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	**Nil**	**Nil**
Interim dividend	**Nil**	**Nil**

REDFLEX HOLDINGS LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR YEAR ENDED 30 JUNE 2003

	Note	Consolidated Entity 30-Jun-03 $	Consolidated Entity 30-Jun-02 $
Revenue from operating activities:			
Revenue from sale of services or systems	1	12,997,964	15,880,270
Revenue from fee for service contracts		10,501,949	10,447,748
Total Revenue from operating activities	14	**23,499,913**	**26,328,018**
Revenues from outside the operating activities:			
Interest from other persons		16,826	123,923
Sundry Income		0	433,543
Total revenue from outside the operating activities		**16,826**	**557,466**
Total revenue from ordinary activities		**23,516,739**	**26,885,484**
Expenses from operating activities			
Materials & consumables used		(5,599,099)	(5,176,158)
Depreciation expense		(2,938,747)	(2,199,465)
Amortisation of Intangibles		(768,057)	(527,316)
Borrowing costs		(141,764)	(162,762)
Salaries & wages expense		(12,140,971)	(11,705,558)
Outlays Capitalised in Intangibles		1,653,761	1,815,380
Other expenses from ordinary activities		(1,970,187)	(8,327,504)
Significant Expenses:	1		
Provision for dimunition in value of receivables		(2,148,743)	(314,000)
Unhedged foreign exchange losses		(1,756,758)	0
Non-recurring debt raising costs		(1,241,060)	0
Group restructuring costs		(202,000)	0
Total expenses from ordinary activities		**27,253,625**	**26,597,383**
Profit (loss) from ordinary activities before tax		**(3,736,886)**	**288,101**
Income tax on ordinary activities		0	0
Profit (loss) from ordinary activities after tax attributable to members		**(3,736,886)**	**288,101**
Net exchange difference on translation of foreign statements of foreign controlled entity.		(2,926,294)	(202,580)
Total changes in equity not resulting from transactions with owners as owners		(6,663,180)	85,521
Franked Dividends per share		0	0
Number of employees at year end		150	145

REDFLEX HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	Consolidated Entity 30-Jun-03 $	30-Jun-02 $
Current Assets			
Cash Assets		1,070,124	401,403
Term deposits		1,112,425	201,826
Receivables	3	5,329,976	4,808,540
Inventories	4	10,548,366	5,748,241
Other assets	7	843,031	991,600
		18,903,922	12,151,610
Non-Current Assets			
Receivables	3	265,511	1,810,300
Property Plant & equipment	5	18,765,420	18,043,730
Intangible Assets	6	6,833,546	5,788,064
		25,864,477	25,642,094
Total Assets		**44,768,399**	**37,793,704**
Current Liabilities			
Payables	8	4,429,511	3,918,187
Interest- bearing liabilities	8	769,000	292,121
Provisions	9	415,416	428,541
		5,613,927	4,638,849
Non Current Liabilities			
Interest- bearing liabilities	8	2,171,351	0
Provisions	9	339,533	433,722
		2,510,884	433,722
Total Liabilities		**8,124,811**	**5,072,571**
Net Assets		**36,643,588**	**32,721,133**
Equity			
Contributed Equity	10	59,733,895	49,148,260
Reserves		(3,128,874)	(202,580)
Accumulated Losses	11	(19,961,433)	(16,224,547)
Total Equity		**36,643,588**	**32,721,133**

REDFLEX HOLDINGS LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated Entity 30-Jun-03 $	30-Jun-02 $
Cash Flows from Operating Activities			
Receipts from customers		22,256,603	26,129,139
Payments to suppliers and employees		(24,540,909)	(23,799,071)
Interest received		78,074	123,923
Interest and other costs of finance paid		(146,979)	(162,762)
Goods & Services Tax paid		(1,811,664)	(2,590,145)
Net Cash Flows from (Used in) operating activities		(4,164,875)	(298,916)
Cash Flows from Investing Activities			
Payments for property, plant and equipment	2	(6,586,731)	(7,606,610)
Sale (Acquisition) of Minority Interest in Visible Voice		0	160,044
Capitalised research and development	2	(1,813,539)	(1,157,065)
Net Cash Flows from (Used in) investing activities		(8,400,270)	(8,603,631)
Cash Flows from Financing Activities			
Loans to Related Parties		0	(774,858)
Bank Borrowings		2,687,373	0
Lease liability incurred		252,978	0
Shareholder loans received (paid)		(292,121)	49,296
Cash proceeds from share issues		10,653,154	10,306,356
Share Issue Costs		(67,518)	(907,217)
Net Cash Flows from (Used in) financing activities		13,233,866	8,673,577
Net Increase/(Decrease) in Cash held		668,721	(228,970)
Cash at Beginning of Financial Year		401,403	630,373
Cash at End of Financial Year		1,070,124	401,403
Reconciliation of Cash			
Cash at the end of the year consists of:			
Cash on Hand		1,385	0
Cash at bank		1,068,739	401,403
		1,070,124	401,403

Notes to the Financial Statements for the year ended 30 June 2003

NOTE 1 MATERIAL FACTORS AFFECTING THE REVENUES AND EXPENSES OF THE ECONOMIC ENTITY FOR THE CURRENT PERIOD

A discussion on the material factors affecting the revenues and expenditures of the Company for the current period is contained on page 1.

Comparison of half year profits

	Consolidated Entity	
	30-Jun-03 $000	30-Jun-02 $000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year	(1,346)	(913)
Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	(2,390)	1,201

Significant Items

During the year the company incurred non-recurring costs associated with planned debt/equity financing activity in the USA that was not completed when a more favourable financing option became available ($1.241million), and costs associated with group restructuring ($0.202m).

Within the Communications business the Company incurred significant exposure to USD receivables whilst the majority of costs were incurred in AUD. The movement in the AUD/USD of ~20% over the past financial year has seriously eroded margins on these contracts. The Company did not have the capacity to hedge these longer term receivables until establishing a relationship with its current bankers early in 2003. Accordingly the trading results for the year in the Communications Division were impacted by exchange rate losses of $1.76 million. All future receivables under these contracts are hedged using foreign exchange options at a rate of AUD/USD 0.625.

During the previous Financial Year the company disposed of a non core business unit for a consideration comprising cash and future royalties. As there is some uncertainty regarding collectability of amounts currently due and due in future periods, the Directors have provided for the carrying value of the future receivable.

The Directors have reassessed receivables emanating from previous Structured Finance transactions and provided against their future recoverability. A provision of $350,000 has been made during the current financial year.

Under the terms of the Employee Share Acquisition Scheme employees are offered shares at market rates. Employees are required to pay 5% of the consideration with the Company loaning the employee the balance for a maximum period of five years. Upon termination the shares are either paid for in full by the employee or relinquished and sold on market by Redflex should the employee not take them up. As a result of the low share price during the year the Company has had to write-off unrecovered loan balances for terminating employees who have not taken up their entitlements. In addition the Directors have decided to provide a further $250,000 against the loan balances for loans due to be repaid within the next twelve months where the original share issue price is well in excess of current market value.

NOTE 2 MATERIAL FACTORS AFFECTING THE ASSETS, LIABILITIES AND EQUITY OF THE ECONOMIC ENTITY FOR THE CURRENT PERIOD

Cash Assets

The balance of cash holding increased during the year ended 30 June 2003 by $0.67 million

Major sources of cash reserves during the year were:	
Proceeds from Share Purchase Plan and Private Placements	$10.6 million
Bank borrowings repayable over a four year term	$2.7 million

Major uses of cash reserves during the year were:	
Investment in Infrastructure Assets installed in USA	$6.6 million
Inventory of Infrastructure componentry that will convert to fixed assets	$1.6 million
Increase in WIP for contracts in progress at year end	$4.3 million
Operating activities prior to Provisioning	$1.7 million

The investment in USA based assets has been made progressively during the year and Accumulated assets have been translated to AUD at year end exchange rate of AUD/USD 0.65 using the current rate method. The downward revaluation of the net asset values has been taken to the Foreign Exchange Translation Reserve as required under AASB 1012 for entities deemed to be self-sustaining.

Term Deposits

Under the terms of the Loan Agreement with its Bankers, the Company is required to lodge security deposits approximating 25% of borrowings as security for the loan. As of 30 June 2003, term deposits of $0.67 million were lodged as security against borrowings of $2.7 million.

Current Receivables

Trade related receivables have increased $1.2 million over the corresponding period last year. The increase relates partially to the increased fee based revenue in the USA and the timing of invoicing milestones in accordance with work contracts.
Other receivables included in current assets have been significantly provided against in the amount of $0.5 million.

Inventories

Inventory has increased $4.8 million over the corresponding period last year.
Inventory within the Traffic Division of $ 3.4 million relates predominantly to Red Light and speed camera traffic componentry that is converted to Infrastructure assets within the USA based contracts. Significant contract wins over the last twelve months together with an increased installation rate have required additional inventory levels to support growth.
Inventory relating to Work In Progress under milestone based contracts has increased $3.5 million over the corresponding period last year and will be realised over the ensuing twelve months based on achievement of contracted milestones. A further $0.7 million of Work In Progress relates to traffic citations issued but not yet collected.

Non-Current Receivables

Non-current receivables have decreased $1.5 million over the previous year primarily relating to provisioning.

Property Plant & Equipment

Investment in Infrastructure assets in the USA based traffic business used $6.6 million in cash reserves during the year. Offsetting this was the restatement of these asset values as a result of currency translation adjustments referred to in the note re Cash Assets above. Total Property Plant and equipment is now $ 18.8 million of which $ 17.6 million is located in the USA to support traffic redlight enforcement contracts. The depreciation charge for the year was $ 2.9 million predominantly relating to the depreciation over the USA based assets which are being depreciated over a seven year period.

Intangible Assets

Intangible assets increased by a net $1.05 million during the year ended 30 June 2003. Development activities encompassed both the Communications and Traffic Divisions. Amortisation of $ 0.6 million represents a straight line amortisation of Intangibles over a ten year period.

Payables

Payables increased moderately over the same period last year and are both current and representative of activity levels at 30 June 2003.

Interest Bearing Liabilities

The Company undertook Bank borrowings of $ 2.7 million during the financial year. Borrowings are made against assets installed in the USA business and are required to be repaid over a four year term. Borrowings are made in USD and attract an interest rate of ~5.5% including margin. The company had undrawn funds available to be drawn at 30 June 2003 of $ 2.4 million.

Contributed Equity

The Company raised $ 10.6 million during the year from the Share Purchase Plan and private placements. The equity was used to finance the rollout of cameras into our USA contracts, fund operating activities and to support Bank borrowings.

Income Taxes

The Company has carry forward tax losses which have not been brought to account as there is no virtual certainty on their recoupment.

The Future income tax benefit arising from timing differences and carry forward losses has not been brought to account and will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit.

NOTE 3 RECEIVABLES

	Consolidated Entity 30-Jun-03 $	Consolidated Entity 30-Jun-02 $
(a) Current		
Trade Debtors	4,950,266	3,706,956
Other Debtors	793,417	765,525
Other Corporations	290,293	336,059
Provision for non-recovery	(704,000)	0
	5,329,976	4,808,540
(b) Non Current		
Other Corporations	1,779,511	2,020,300
Provision for non-recovery	(1,514,000)	(210,000)
	265,511	1,810,300

NOTE 4 INVENTORIES

	Consolidated Entity 30-Jun-03 $	Consolidated Entity 30-Jun-02 $
Raw Materials	1,221,367	2,296,230
Work in Progress	5,932,392	1,692,727
Infrastructure Componentry	3,394,607	1,759,284
	10,548,366	5,748,241

NOTE 5 PROPERTY PLANT & EQUIPMENT

	Consolidated Entity 30-Jun-03 $	Consolidated Entity 30-Jun-02 $
Furniture and Fittings	747,581	498,942
Leasehold Improvements	355,699	336,093
Plant and Equipment	25,356,310	22,182,556
	26,459,590	23,017,590
Less Accumulated depreciation		
Furniture and Fittings	(473,042)	(241,087)
Leasehold Improvements	(200,297)	(159,302)
Plant and Equipment	(7,020,831)	(4,573,470)
	(7,694,170)	(4,973,860)
Total Written Down Amount	18,765,420	18,043,730

NOTE 6 INTANGIBLE ASSETS

	Consolidated Entity 30-Jun-03 $	Consolidated Entity 30-Jun-02 $
Research and Development Expenditure Capitalised (at Cost)	8,628,919	6,815,380
Less accumulated amortisation	(1,795,373)	(1,027,316)
	6,833,546	5,788,064

		Consolidated Entity	
		30-Jun-03	30-Jun-02
		$	$
NOTE 7	OTHER ASSETS		
	Current -		
	Prepayments	328,031	476,600
	Security Deposit	515,000	515,000
		843,031	**991,600**

		Consolidated Entity	
		30-Jun-03	30-Jun-02
		$	$
NOTE 8	PAYABLES & INTEREST BEARING LIABILITIES		
	(a) Current – Payables		
	Trade Creditors	3,527,923	2,118,155
	Other Creditors	901,588	1,800,032
		4,429,511	**3,918,187**
	Current – Interest Bearing Liabilities		
	Bank Borrowings	769,000	0
	Amount Payable to Shareholders	0	292,121
		769,000	**292,121**
		5,198,511	**4,210,308**
	(b) Non Current Liabilities		
	Bank Borrowings	1,918,373	0
	Lease Liabilities	252,978	0
		2,171,351	**0**

		Consolidated Entity	
		30-Jun-03	30-Jun-02
		$	$
NOTE 9	PROVISIONS - EMPLOYEE ENTITLEMENTS		
	(a) Current		
	Provision for Employee Entitlements	415,416	428,541
	(b) Non-current		
	Provision for Employee Entitlements	339,533	433,722
		754,949	862,263

		Consolidated Entity	
		30-Jun-03	30-Jun-02
		$	$
NOTE 10	CONTRIBUTED EQUITY		
	Issued and paid up capital		
	67,623,720 Ordinary Shares fully paid, (2002 – 44,648,141)	59,733,895	49,148,260
	Foreign Currency Translation Reserve	(3,128,874)	(202,580)
	Earnings per Share	**(6.6 cents)**	**0.78 cents**
	Weighted average number of Ordinary shares used in calculation of Earnings per Share	**56,250,530**	**36,842,841**
	Net tangible asset backing per ordinary security	**44 cents**	**60 cents**

Issued and quoted securities at end of current period

	Total number	Number quoted	Issue price per security	Amount paid up per security
Ordinary securities	67,623,720	67,623,720		
Changes during current period (a) Increases through issues	3,305,453 750,000 18,920,126	3,305,453 750,000 18,920,126	$0.4626 $0.55 $0.4626	$0.4626 $0.55 $0.4626
(b) Decreases through returns of capital, buybacks	0	0		
Options	6,261,796	6,261,796	Exercise Price $1.10	Expiry date 31/12/03
Issued during current period	0	0		
Exercised during current period	0	0		
Expired during current period	2,482,660	2,482,660	$3.48	31/12/02

NOTE 11 ACCUMULATED LOSSES

	Consolidated Entity 30-Jun-03 $	Consolidated Entity 30-Jun-02 $
Balance at Beginning of year	(16,224,547)	(16,512,648)
Net Profit (Loss) attributable to members of Redflex Holdings Limited	(3,736,886)	288,101
Balance at End of Year	(19,961,433)	(16,224,547)

NOTE 12 STATEMENT OF CASH FLOWS

	Consolidated Entity 30-Jun-03 $	Consolidated Entity 30-Jun-02 $
Reconciliation of Profit (Loss) from Ordinary Activities After Income Tax, to Net Cash Inflow from operations		
Net Profit/(Loss) after Income Tax	(3,736,886)	288,101
Non Cash Flow Items		
Depreciation Expense	2,938,747	2,199,465
Amortisation of Intangibles	768,057	527,316
Provision for Employee Entitlements	(107,314)	(11,308)
Provision for non-recovery of receivable	2,008,000	210,000
Change in Operating Assets and Liabilities		
Decrease/(Increase) in Term Deposits	(910,599)	0
Decrease/(Increase) in Receivables – non-current	240,790	(927,511)
Decrease/(Increase) in Receivables – current	(1,076,867)	(890,054)
Decrease/(Increase) Inventories	(4,800,125)	(553,399)
Increase/(Decrease) in Payables	511,324	(1,141,526)
Net Cash Inflow/(Outflow) from Operating Activities	**(4,164,875)**	**(298,916)**

	Consolidated Entity 30-Jun-03	30-Jun-02

NOTE 13 FINANCIAL RATIOS

Profit before tax / revenue

Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	(15.9%)	1.1%

Profit after tax / equity interests

Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity at the end of the period	(10.2%)	0.9%

NOTE 14 SEGMENT NOTE

(a) Business Segments

	Corporate	**Communications**	**Traffic**	**30-Jun-03 Total**	**30-Jun-02 Total**
	$(000)	$(000)	$(000)	$(000)	$(000)
Revenue from sale of goods & services	406	7,382	5,211	12,999	15,880
Revenue from fee for service contracts		0	10,501	10,501	10,448
Total revenue	406	7,382	15,712	23,500	26,328
Consolidated operating profit before tax	(5,550)	61	1,753	(3,736)	288
Total assets	6,259	13,136	25,373	44,768	37,794

(b) Geographical segments

	Australia	**USA**	**Other**	**30-Jun-03 Total**	**30-Jun-02 Total**
	$(000)	$(000)	$(000)	$(000)	$(000)
Revenue from sale of goods & services	6,756	5,475	768	12,999	15,880
Revenue from fee for service contracts	0	10,501	0	10,501	10,448
Total revenue	6,756	15,976	768	23,500	26,328
Total assets	26,073	18,695	0	44,768	37,794

The Consolidated operating profit before tax shown in the segment information includes nonrecurring costs, provisioning against receivables and an allocation of Corporate overheads.

Revenue allocated to the Corporate Division represents revenue received from the Touchscreen business which was discontinued in September 2002.

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX

2 This report, and the accounts upon which the report is based, use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 The accounts are in the process of being audited or subject to review.

5 The entity has a formally constituted audit committee comprising all Board members.

Graham Davie
Director
12 September 2003