ASX ANNOUNCEMENT

31 August 2015

REDFLEX HOLDINGS LIMITED ABN 96 069 306 216

ASX Appendix 4E - FY2015 Preliminary Final Report

Redflex Holdings Limited (ABN 96 069 306 216) (**RDF**) reports the following financial results for the year ended 30 June 2015:

Revenue	AUD$124.3 million
EBITDAI*	AUD$18.5 million (non-IFRS measure)
Pre-tax Loss	AUD$38.6 million
After-tax Loss	AUD$31.9 million
Positive Operating Cash Flow	AUD$19.6 million

*Earnings Before Depreciation, Amortisation, Impairment, Finance Costs and Tax

Factors which contributed to the results are noted in the “Review of Operations” section of the attached **ASX Appendix 4E**.

At 30 June 2015 the Company had net debt of AUD$2.4 million (including restricted cash of AUD$5.0 million).

The Board has determined not to declare a dividend at this time.

About Redflex

The Redflex Group has established itself as a world leader in traffic enforcement products and services, developing world leading enforcement camera technology and owning and operating one of the largest networks of digital speed and red-light cameras in the world.

The Redflex Group develops and manufactures a wide range of digital photo enforcement solutions including red light camera, speed camera and school bus stop arm camera systems all utilising the most advanced sensor and image capture technologies.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With our continuous development of new safety products, the Redflex Group has been helping to reduce collisions and to save lives for more than 20 years.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

For further information:

Paul Clark	Brad Crump
Group Chief Executive Officer	Group Chief Financial Officer
Redflex Holdings Limited	Redflex Holdings Limited
paul.clark@redflex.com.au	brad.crump@redflex.com.au
+61 3 9674 1836	+61 3 9674 1787

Redflex Holdings Limited

ABN: 96 069 306 216

APPENDIX 4E

Preliminary Final Report for the year ended 30 June 2015
Results for announcement to the market

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A

Results from operations

				2015 $'000s	2014 $'000s
Revenue from operations	Up	2.3%	to	124,345	121,533
Profit before depreciation, amortisation, impairment, finance costs and tax	Down	33.4%	to	18,527	27,810
Loss from ordinary activities before tax attributable to members	Down	>100%	to	(38,603)	(3,842)
Loss after tax attributable to members	Down	>100%	to	(31,944)	(1,183)
Basic earnings per share (cents)	Down	>100%	to	(28.84)	(1.07)
Diluted earnings per share (cents)	Down	>100%	to	(28.84)	(1.07)
Net tangible assets per share	Down	8.3%	to	71.70	78.22

Dividends (distributions)

No dividend or distributions have been declared with respect to the financial year ended 30 June 2015 ("FY15") or the financial year ended 30 June 2014 ("FY14").

Previous corresponding period

The previous corresponding period is the year ended 30 June 2014.

Note regarding non-IFRS financial information

1. Throughout this Preliminary Final Report, Redflex Holdings Limited ("the Company", Redflex", "we" or "our") has included certain financial information that is calculated and presented on the basis of methodologies other than in accordance with International Financial Reporting Standards ("IFRS").
2. This non-IFRS information is presented to provide users with additional insight into the Company's business, including to facilitate incremental understanding of the Company's underlying financial performance, liquidity or cash position.
3. Non-IFRS information is not audited.

Currency

All numbers shown in this Preliminary Final Report are denominated in Australian dollars ("AUD") unless otherwise stated.

REDFLEX GROUP OVERVIEW

Redflex and its subsidiaries (collectively, the "Group") began operations in 1995 and the Company's ordinary shares were listed for quotation on the ASX in January 1997.

The Group has established itself as a world leader in the automated enforcement products and services market, a market segment of the much larger Intelligent Traffic Systems (ITS) market. The ITS market is expected to grow at a CAGR of 12% between 2015 and 2020, and reach $34 Billion by 2020.

Redflex develops and manufactures a wide range of high-performing digital photo enforcement solutions including red light, speed and school bus stop arm systems which utilise the most advanced sensor and image capture technologies available. The Group also owns and operates one of the largest networks of digital speed and red-light enforcement systems in the world.

Our continuous development of new road safety products has been helping to save lives for more than 20 years.

The Redflex Group comprises two main subsidiaries: Redflex Traffic Systems Inc. is based in the United States of America ("USA"), and focuses on the Americas; and Redflex Traffic Systems Pty Ltd is based in Australia and focuses on the Australian and International markets.

In the USA, the company operates a Build-Own-Operate-Maintain (BOOM) business model, where it provides enforcement and processing services to largely municipal customers on a fully outsourced multi-year contracted basis.

The Australian and International business offers a full suite of automated enforcement products and services via direct, distribution and BOOM contracts.

REDFLEX GROUP STRATEGY

As the photo enforcement market matures in the USA and Australia we have started to establish operations or relationships in selected countries and to compete for and win new contracts. We have also started to develop new products and services and more recently this has begun to yield contract wins in selected parts of the ITS market. Our strategy is to focus on those markets that have attractive growth profiles, unmet market demand and needs, acceptable risk and a high level of market fragmentation.

This aligns with the Group's strategy which is to:

- Consolidate the North American business and ensure we service our existing customers while continuing to position the Company to compete for upcoming photo enforcement contracts.
- Grow (organically and inorganically) in identified markets that suit the organisation's technology and expertise while offering a stable financial and operating environment (e.g. United Kingdom ("UK"), Europe and Canada).
- Continue to pursue opportunities outside of photo enforcement that leverage our technological advantage (e.g. parking, tolling and traffic management).

To achieve our strategy Redflex is focused on the following initiatives:

- Leveraging our leading photo enforcement capability to expand more aggressively into New Zealand, Asia, Canada, Latin America, Mexico, Europe and the UK.
- Increasing the revenue from our existing photo enforcement installed base by upgrading and improving the performance of vintage systems, providing additional value added services and improving the operational effectiveness of the system installations.
- Repurposing our platform technology to diversify into adjacent ITS market segments including parking, tolling and traffic management.
- Reducing our cost base through product simplification, more efficient procurement practices and increased general cost control.
- Leveraging and increasing our competitive advantage through targeted research and development.
- Increasing shareholder value through the creation of a high performance team capable of delivering the transformational Group strategy.

APPENDIX 4E PRELIMINARY FINAL REPORT

For the Year Ended 30 June 2015

REDFLEX GROUP - REVIEW OF OPERATIONS

Revenue from operations for the Group for the financial year ended 30 June 2015 was $124.3 million, an increase of 2.3% on the previous year revenue of $121.5 million. The increased revenue was due to increased sales in the Australian and International business and a favorable exchange rate between the AUD and USA dollars ("USD") during 2015. The result was offset by lower revenues in the North American business.

Revenue in the Australian and International business increased by 29.7% to $49.4 million (FY14: $38.1 million). The increase was mainly driven by the Company enjoying a full 12 months of revenue from the New South Wales mobile speed camera contract, which commenced in the second half of FY14, and our expansion into the UK, Europe, Asia and New Zealand. We currently have a small presence in these markets but they provide Redflex with a significant opportunity to compete in growing markets and increase our revenue while reducing our reliance on the maturing USA and Australian photo enforcement markets.

The USA photo enforcement market continues to be challenging. Despite saving lives, our commercial opportunities and indeed the entire industry in the USA has been adversely impacted by negative civil rights sentiment that often results in the implementation of legislation designed to prohibit the use of photo enforcement systems in various states and precincts in the USA. The combination of these factors can and has led to contract terminations, lower contract renewal rates and the delay or abandonment of new programs. In 2015 our revenue fell to $75.0 million[1] (FY14: $83.5 million) primarily resulting from the loss of contracts in New Jersey and Ohio as previously disclosed. In addition, the FY14 result included seven months of revenue earned from the Chicago contract which ceased on 31 January 2014.

Our North American business has commenced plans to expand more aggressively into Canada and Mexico and is currently assessing the attractiveness of opportunities in the Latin American and Caribbean markets. The North American business also successfully completed the roll out of Redflex Guardian's Gwinnett County contract in the state of Georgia and is pursuing additional opportunities in other school districts.

Further, the above results have been impacted by favorable movements in the exchange rate between the AUD and USD during 2015 which the USD having appreciated on average approximately 8.8% during the year.

Profit before interest, tax, depreciation, impairment and amortisation was $18.5 million a decrease of 33.4% (FY14: $27.8 million). This decrease was due to the loss in earnings resulting from the loss of contracts in Chicago, Ohio and New Jersey.

Net loss before tax was $38.6 million, compared to the previous year loss before tax of $3.8 million. Net operating loss after tax was $31.9 million, compared to the previous year loss after tax of $1.2 million. The increased trading losses were predominately the result of non-cash impairment charges to property plant and equipment as a result of the loss of the New Jersey and Ohio contracts, together with non-cash impairment charges to inventory and accounts receivable.

The cash flow from operations during FY15 decreased by 34.4% to $19.6 million compared to $29.9 million in FY14. The decrease was driven by the factors mentioned above.

Contributing factors to the year's results include:

- Impairment of plant and equipment of $18.05 million due to:
  - As a direct result of the recent reduction of the Redflex share price as compared with the carrying value of our assets (and pursuant to Australian Securities and Investments Commission ("ASIC") guidance) the Company was required to impair plant and equipment by $7.3 million (USD$5.6 million). More specifically, this impairment was calculated by the difference determined by the recoverable amount receivable from the fair value less costs of disposal of our North American traffic operations cash generating unit ("CGU") being below the carrying amount of assets held by the CGU ("the Carrying Value Adjustment").
  - A specific impairment of $10.75 million (USD$8.2 million) in relation to the termination of contracts in North America predominantly in New Jersey and Ohio.

[1] Sales revenue for FY15 in local currency was USD$57.3 million & CAD$3.6 million (FY14: USD$73.6 million & CAD$1.4 million).

REDFLEX GROUP - REVIEW OF OPERATIONS (CONTINUED)

Impairment of capitalised development costs of $5.2 million due to:

- The recoverable amount receivable from the fair value less costs of disposal of the North American traffic operations cash generating unit ("CGU") being below the carrying amount of assets held by the CGU. This resulted in an impairment of $4.5 million (USD$3.4 million) and is similar to the plant and equipment Carrying Value Adjustment discussed above.
- A specific impairment of $0.7 million in relation to project costs in Redflex International.

- Impairment of inventory equal to $2.8 million in the Redflex International business.

- Impairment of accounts receivable equal to $1.7 million predominantly related to overdue receivables in the Redflex International business.

Year on year comparison

A comparison of the Group's performance for FY15 and FY14 is as follows.

	2015 $'000	2014 $'000
Profit before depreciation, amortisation, impairment, finance costs and tax	**18,527**	**27,810**
Less:		
Impairment of plant and equipment, capitalised development costs, inventory and trade receivables	27,761	2,306
Depreciation	22,945	23,276
Amortisation	5,653	4,776
Finance costs	771	1,294
Net loss before tax	**(38,603)**	**(3,842)**

During FY15, in addition to expanding into new markets and countries, we executed a number of revenue generation and cost reduction initiatives which we expect will improve the underlying performance of the business moving forward.

FINANCIAL RESOURCES

At 30 June 2015 the Group holds a Syndicated Financing Facility ("the Facility") with a value of USD$30 million (A$39.2 million). The facility expires on 7 August 2017 and is held with a syndicate of three Australian banks. The Facility also includes an accordion feature for a further USD$30 million (A$39.2 million), which is uncommitted as at the date of this Preliminary Final Report.

Due to the Carrying Value Adjustments discussed above, management is presently in discussions with the syndicate members to obtain a waiver of Facility covenants. The consent waiver is presently expected to be received shortly following the lodgment of the Company's Appendix 4E with the ASX. Consequently at this time, despite the facilities not due to expire until 2017, the balance of the debt facilities have been considered as current and at "call" until the waiver is received.

In addition, the Company continues to hold an A$8.0 million working capital facility for bank guarantees and bonds required to support bids and contracts with certain customers.

The net debt position of the Group at 30 June 2015 was $2.4 million (including restricted cash of $5.0 million) (2014: $2.2 million including restricted cash of $3.8 million). Restricted cash is revenue collected on behalf of customers.

The cash flows from operations are expected to be sufficient to fund the Group's capital requirements during the financial year ending 30 June 2016 ("FY16").

DIVIDENDS

Dividends have not been declared in either FY15 or FY14.

NORTH AMERICAN OPERATIONS

Results for the North American Operations

Despite ongoing strong evidence that photo enforcement saves lives and improves road safety the North American market remains challenging with banning and restricting legislation being driven by negative civil rights sentiment thereby resulting in program closures, early contract terminations, programs being abandoned or deferred and limited new programs. These issues impact the wider photo enforcement market, not just Redflex. During 2015 a number of our red light camera programs ceased, most notably New Jersey, Chicago and Ohio. Plant and equipment relating to these contracts was therefore required to be impaired ($10.75 million) as a one off cost.

In FY15 revenue was down 10.2% to $75.0 million (FY14: $83.5 million)[2]. The total number of installed systems in the USA as at 30 June 2015 was 1,394 (FY14: 1,518), of which 1,081 were active, and we also signed one new contract during FY15 (FY14: two contracts). Due to the wider market dynamics discussed above, we expect that the North American market will continue to have limited growth. Our focus therefore at present is to retain our existing customer base, grow in Mexico, Canada and Latin America, diversify into adjacent markets and reduce our cost base. In FY15 we won new photo enforcement contracts in Mexico City, Chihuahua state and Calgary.

Recognising the impact of the loss of the Chicago and New Jersey contracts on revenue, we implemented initiatives with a view to progressively reduce our cost base in the USA. Given the challenging market conditions we also continue to review our costs and have identified savings through process redesign, smarter procurement and organisational change and these will manifest in FY16.

During FY15 it was announced that the long running dispute with Jefferson Parish, Louisiana has, in principle, been resolved with the final hurdle being the approval of the settlement by the 24th Judicial District Court for the Parish of Jefferson. As part of the settlement, once approved, the Company will receive USD$9.0 million. The final hearing is currently scheduled for 13 November 2015.

Redflex Guardian ™

In the USA, it is an offence for drivers to pass (on either side of the road) a school bus which is stationary and with safety lights flashing as children get on and off the bus. REDFLEX Guardian™ is a photo enforcement system designed specifically on this prohibition and utilises video tracking to capture offences by drivers.

In December 2014 Redflex successfully executed a contract to install Redflex Guardian on an initial quantity of 300 buses for the Gwinnett County school district in the state of Georgia. Redflex Guardian generated revenue of $3.0 million[3] and has started showing improved levels of profitability in the final quarter of FY15.

We continue to pursue opportunities for Redflex Guardian with other targeted school districts throughout the USA.

Legal and Legislative Environment

The level of litigation regarding photo enforcement technology remains significant but continues to decline as the industry matures and litigation precedents accumulate. Note 17 to the Preliminary Final Report addresses legal actions that arise in the ordinary course of our business.

Redflex continues to face the challenges raised through local voter initiatives and referendums noting that citizen initiatives prevented several Redflex contracts from being renewed after their initial contract, consistent with industry dynamics.

Redflex legislative efforts are focused on preparing defences against potential adverse developments that may arise in state and local legislative initiatives. Redflex is supporting bills in certain states seeking enablement and enhancements for red light and speed road safety systems, as well as for photo enforcement of school bus stop-arm infractions.

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[2] Sales revenue for FY15 in local currency was USD$57.3 million & CAD$3.6 million (FY14: USD$73.6 million & CAD$1.4 million).

[3] Sales revenue for FY15 in local currency was USD$ 2.4 million (FY14: USD$0.7 million)

REDFLEX INTERNATIONAL OPERATIONS

Our international business continued to expand both within Australia and internationally during FY15.

Some of the highlights for FY15 include:

Australia

Our focus in the Australian market is to continue to work with our customers to improve the effectiveness of their current photo enforcement systems, provide solutions to an increasing number of traffic management problems and provide more expansive end to end solutions.

New South Wales

Redflex was awarded four of the six regions of the New South Wales Roads and Maritime Services (“RMS”) expanded Mobile Camera Program. Redflex had been operating the Interim Mobile Camera Program since 2010 which involved the provision of six manned vehicles together with adjudication services. The expanded program is for delivery of 7,000 hours per month, of which 4,667 hours is delivered by Redflex using thirty manned vehicles. Revenue is generated based on the number of deployment hours.

The Company also runs a network operations centre and a pre-verification processing service in Sydney, which will become a centre of excellence for Redflex’s services in the region.

The Mobile Camera Program contract is valued at over $9 million per annum ($3.7 million recognised in FY 2015), and has an initial term of two and a half years, with two additional option periods of one year each. Now that we have fully developed and proven the performance of this service, our focus is to pursue opportunities in other Australian states and then overseas.

During FY15, in partnership with Skidata, Redflex has installed a total of 216 Automatic Number Plate Recognition (“ANPR”) camera systems (at a value of $2.2 million) for car parks in large suburban shopping centres.

Queensland

We currently have nine photo enforcement systems and eighty-three ANPR parking systems. During FY15 we upgraded back office software and received an order to upgrade the point to point system to dual radar with point speed.

Victoria

Redflex was awarded, late in June 2015, a contract to provide next generation computers and software upgrades to the existing red light and speed systems, over most of FY16, worth more than $2.2 million. We continue to provide comprehensive maintenance services for 189 systems worth $4 million per year. During FY15 we installed 89 ANPR parking systems.

South Australia

Sixteen new point to point systems (worth $1.9 million) were added during the year giving a total of 24 point to point systems installed in South Australia. This is in addition to the 158 enforcement systems already installed.

Western Australia

In FY15 we received an order to upgrade the back office software. We currently have 30 enforcement systems installed.

Northern Territory

We continue to maintain 18 Red Light and Speed sites on a time and materials based maintenance contract. During FY15 the back office operations contract was extended to 30 June 2016.

Redflex has a large installed base of supported installations and services in Australia. This base provides us with a number of opportunities to improve its performance through software and hardware upgrades. Our customers are also starting to outsource their back office and this is an opportunity for us to provide an end to end solution.

Asia

Our approach to the Asian market has been to develop relationships with strong local distributors. We currently have distributors and on-going contracts in Hong Kong, Singapore, the Philippines and Malaysia. We are working on large project opportunities in the Philippines and Malaysia. These markets have large populations, traffic congestion and limited use of photo enforcement technologies, and therefore potentially represent a significant opportunity for the Group.

REDFLEX INTERNATIONAL OPERATIONS (CONTINUED)

New Zealand

Redflex has been awarded a contract to provide fixed speed enforcement services to New Zealand Police. This is a service based contract to provide at least 18,500 days of speed enforcement per year for six years at a value of approximately $9.0 million.

United Kingdom

For the last few years, Redflex has been working with Highways England (formerly the Highways Agency), to introduce variable speed enforcement cameras for use on major UK roads. The ability to effectively enforce vehicle speed in locations where speed limits can be varied is an important management tool to most efficiently regulate traffic flows. Redflex received Home Office approval for the cameras during FY14 and has recently received two initial orders. During FY15 the program has continued to grow with revenue in FY15 of over $11 million. Whilst the program has grown significantly part of the improved result is driven by foreign exchange appreciation of the AUD against the GBP by 6% year on year.

We have opened a UK office that will service both the UK and Europe. We believe that these markets have significant potential for the Group.

Middle East

During 2015 the Saudi Arabian program continued to operate in Eastern Province, Asser and Tabuk. Services provided included ticket processing and enhancements to the speed enforcement cameras. The current contract is due to finalise in October 2015 and we are currently working with the customer to determine the operating model in FY16.

OUTLOOK FOR THE 2016 FINANCIAL YEAR

During 2015 we made significant changes to the Group’s operations to ensure we remained competitive. We have made a number of changes to the management team, introduced new systems and developed new products to create a platform for growth. In the 2016 financial year we will continue to refine the focus of the business in the following strategically critical areas that are judged most essential to building shareholder value:

Growth in Priority Markets

The company has and will continue to concentrate sales and marketing investments on its core geographic markets and a relatively small, carefully targeted set of aspirational markets. The global photo enforcement market consists of 70,000 photo enforcement systems, approximately 40% of which are located in the UK and Europe. Many of these systems are outdated technology and will be progressively replaced. To leverage this opportunity, we have established an office in London, England to service the UK and European market. As a consequence of a careful focus on priority markets, the company will be reducing its speculative investments in certain markets or technologies that are not expected to yield high probability returns in the intermediate term.

While the USA photo enforcement market offers limited growth in the intermediate timeframe, there are numerous opportunities to pursue adjacent opportunities in parking and tolling technologies and services, and to profitably expand our Redflex Guardian business.

Cost Reduction

During FY15 the business in the USA contracted through the termination or expiration of customer contracts. A number of cost reduction initiatives have been executed but it has been challenging to reduce the USA cost base at the same rate. In 2016 we will continue to focus on rapid responses to changes in our contracts portfolio and ensure that the cost model is properly sized to expected revenues through an ongoing focus on both direct and overhead cost levels. Importantly, we will also focus on protecting and expanding our existing relationships.

Optimising Cash Flow

In addition to prudent restructuring and direct and overhead cost reduction, the company will drive cash flow generation through improvements in working capital management and other initiatives to release trapped cash and capital.

OUTLOOK FOR THE 2016 FINANCIAL YEAR (CONTINUED)

Selective Capital Investment

Given that generating increased cash flow is a primary objective for the business in 2016, we will continue to critically assess all funding requests for new opportunities. These new opportunities must offer more significant growth rates or larger relative profits than our current business, align with our strategy and fit within our risk tolerance. The return on these investments will be closely measured.

Accelerated Growth

The company will continue to explore and evaluate various inorganic investment opportunities to accelerate our rate of growth, increase margins and improve profitability. As previously communicated our strategic engagement and resulting plans remain the focus of our inorganic activities.

We expect that the successful execution of the initiatives, identified in our strategic focus areas above, will improve our current operating model and our financial performance in FY16.

EVENTS SUBSEQUENT TO 30 JUNE 2015

On 17 July 2015 the City of Columbus ("Columbus") notified Redflex Traffic Systems Inc. ("RTSI") that Columbus intends to exercise their right to terminate the Columbus contract. This decision was not unanticipated by the Company and the Company had therefore previously recognised an impairment of $2.3 million in relation to Ohio assets in the half year financial report at 31 December 2014. Subsequent to this recent event, the Company has recognised a further impairment of $2.1 million resulting in a total impairment charge of $10.75 million for the year ended 30 June 2015.

On 31 August 2015 Chicago notified the Company that a *qui tam* legal action has been commenced in the Circuit Court of Cook County by Mr. Aaron Rosenberg, a former executive of RTSI. Chicago has notified the Company that Chicago intends to intervene in this matter on behalf of the plaintiff (which means Mr. Rosenberg will cease the role as plaintiff). Amongst other civil penalties, the legal action claims an award of damages treble the amount paid to RTSI by Chicago under the now terminated contracts between RTSI and Chicago. The claim alleges that the revenues earned by RTSI under the now terminated contracts were USD$100 million.

If successful, the claims and purported actions above may, individually or in aggregate, be material in nature noting however that these amounts are not capable of being accurately measured as at the date of this report.

Redflex will continue to exercise its rights as appropriate in relation to the above matters.

There were no other significant events subsequent to 30 June 2015 and prior to the date of this report.

ROUNDING

The amounts contained in this report have been rounded to the nearest $1,000 (where rounding is applicable) in accordance with ASIC Class Order 98/0100 ("Class Order"). The Company is an entity to which the Class Order applies.

OPERATING RESULTS FOR THE 2015 FINANCIAL YEAR

REVENUE	First half	Second half	2015	2014	% change
	$'000	$'000	$'000	$'000	
North America Traffic business*	37,126	37,830	74,956	83,473	(10.2%)
Australian/International Traffic business	22,747	26,642	49,389	38,060	29.8%
Revenue	**59,873**	**64,472**	**124,345**	**121,533**	**2.3%**

* Includes sales of $3.7 million to Canada (2014: $1.4 million)

PROFIT BEFORE DEPRECIATION, AMORTISATION, IMPAIRMENT, FINANCE COSTS AND TAX	First half	Second half	2015	2014	% change
	$'000	$'000	$'000	$'000	
Traffic business	11,444	12,167	23,611	32,474	(27.3%)
Head Office costs	(2,102)	(2,998)	(5,100)	(4,672)	9.2%
Head office depreciation charge	7	9	16	8	100%
Profit before depreciation, amortisation, impairment, finance costs and tax	**9,349**	**9,178**	**18,527**	**27,810**	**(33.4%)**

LOSS BEFORE TAX	First half	Second half	2015	2014	% Change
	$'000	$'000	$'000	$'000	
Traffic business	(8,361)	(25,142)	(33,503)	830	(>100%)
Head Office costs	(2,102)	(2,998)	(5,100)	(4,672)	9.2%
Pre tax loss from operations	**(10,463)**	**(28,140)**	**(38,603)**	**(3,842)**	**(>100%)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue from operations	2	124,345	121,533
Total revenue		**124,345**	**121,533**
Cost of goods sold		59,918	48,257
Cost of goods sold		**59,918**	**48,257**
Gross profit		**64,427**	**73,276**
Sales and marketing related expenses		11,135	13,376
Administrative related expenses		32,495	29,730
Costs of investigation		2,270	2,360
Profit before depreciation, amortisation, impairment, finance costs and tax		**18,527**	**27,810**
Amortisation of intangibles		5,653	4,776
Depreciation - fee for service contract assets		21,202	22,264
Depreciation - other		1,743	1,012
Impairment of plant and equipment		18,048	1,850
Impairment of inventory		2,800	-
Impairment of receivables		1,682	-
Impairment of capitalised development costs		5,231	456
Loss before tax and financing costs		**(37,832)**	**(2,548)**
Net finance costs		771	1,294
Loss before tax		**(38,603)**	**(3,842)**
Income tax benefit	5	(6,659)	(2,659)
Loss for the period		**(31,944)**	**(1,183)**
Other comprehensive loss			
Foreign currency translation		19,914	(3,546)
Total comprehensive loss for the period		**(12,030)**	**(4,729)**
Earnings (cents) per share attributable to ordinary equity holders of the parent company			
- basic for profit		(28.84) cents	(1.07) cents
- diluted for profit		(28.84) cents	(1.07) cents

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

APPENDIX 4E PRELIMINARY FINAL REPORT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	17,035	13,749
Trade and other receivables	7	30,590	18,299
Inventories	8	16,901	20,247
Income tax refundable		-	1,582
Other assets		2,305	1,953
Total Current Assets		**66,831**	**55,830**
Non-Current Assets			
Plant and equipment	9	54,077	61,281
Deferred tax asset	5	17,464	13,076
Intangible assets and goodwill	10	26,906	31,126
Other financial assets		429	1,127
Other non-current assets	11	26	8,947
Total Non-Current Assets		**98,902**	**115,557**
TOTAL ASSETS		**165,733**	**171,387**
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	19,904	17,826
Interest bearing borrowings	13	19,449	15,895
Income tax payable		617	917
Provisions	14	7,245	5,518
Other current liabilities		-	59
Total Current Liabilities		**47,215**	**40,215**
Non-Current Liabilities			
Deferred tax liabilities	5	7,312	9,380
Provisions	15	4,887	4,026
Total Non-Current Liabilities		**12,199**	**13,406**
TOTAL LIABILITIES		**59,414**	**53,621**
NET ASSETS		**106,319**	**117,766**
Equity attributable to equity holders of the parent company			
Contributed equity		101,765	101,765
Reserves		3,657	(14,908)
Retained earnings		897	30,909
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**106,319**	**117,766**
Net tangible assets per share		**71.70 cents**	**78.22 cents**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2015

	Contributed Equity $'000	Foreign Currency Translation Reserve $'000	Employee Equity Benefits Reserve $'000	Retained earnings $'000	Total Equity $'000
At 1 July 2013	**101,765**	**(13,944)**	**3,037**	**34,392**	**125,250**
Loss for the period	-	-	-	(1,183)	**(1,183)**
Currency translation differences	-	(3,546)	-	-	**(3,546)**
Total comprehensive loss	**-**	**(3,546)**	**-**	**(1,183)**	**(4,729)**
Dividends paid	-	-	-	(3,323)	**(3,323)**
Transfer of expired equity instruments	-	-	(1,023)	1,023	**-**
Cost of share based payments	-	-	568	-	**568**
At 30 June 2014	**101,765**	**(17,490)**	**2,582**	**30,909**	**117,766**
At 1 July 2014	**101,765**	**(17,490)**	**2,582**	**30,909**	**117,766**
Loss for the period	-	-	-	(31,944)	**(31,944)**
Currency translation differences	-	19,914	-	-	**19,914**
Total comprehensive loss	**-**	**19,914**	**-**	**(31,944)**	**(12,030)**
Transfer of expired equity instruments	-	-	(1,932)	1,932	-
Cost of share based payments	-	-	583	-	**583**
At 30 June 2015	**101,765**	**2,424**	**1,233**	**897**	**106,319**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
Operating activities			
Receipts from customers		125,215	125,825
Payments to suppliers, employees and GST		(105,292)	(91,977)
Interest received		2	9
Interest paid		(611)	(1,008)
Income tax refunded / (paid)		247	(2,959)
Net cash flows from operating activities	6	**19,561**	**29,890**
Investing activities			
Purchase of property, plant and equipment		(14,772)	(15,970)
Return of investment		686	938
Capitalised development costs paid		(5,177)	(8,397)
Net cash flows (used in) investing activities		**(19,263)**	**(23,429)**
Financing activities			
Repaid bank borrowings		-	(10,089)
Lease liability (repaid) incurred		-	(4)
Dividends paid		-	(3,323)
Net cash flows (used in) financing activities		**-**	**(13,416)**
Net increase / (decrease) in cash held		**298**	**(6,955)**
Effect of exchange rate changes on cash		2,988	(542)
Cash and cash equivalents at beginning of financial year		13,749	21,246
Cash and cash equivalents at the end of financial year	6	**17,035**	**13,749**
Reconciliation of cash			
Cash at the end of the period consists of:			
Cash at banks and on hand		17,035	13,749
Cash at banks and on hand	6	**17,035**	**13,749**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The preliminary final report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The preliminary final report covers the consolidated group of Redflex Holdings Limited and its controlled entities (economic entity). Redflex Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The preliminary final report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

It is recommended that the preliminary final report be read in conjunction with the following documents:-

- Annual report for the year ended 30 June 2014;
- the Appendix 4D and report for the half-year ended 31 December 2014; and
- public announcements made by Redflex Holdings Limited during the reporting period in accordance with the continuous disclosure obligations of the ASX Listing Rules.

NOTE 1 SEGMENT INFORMATION

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services different markets.

The Group operates within two key markets, the USA, and Australia/International. The Traffic business in the USA is predominantly a Build Own Operate and Maintain business providing fully outsourced traffic enforcement programs to municipalities. The Australian/International Traffic business involves the sale of traffic enforcement products to those markets.

The segmental split segregates the business units into revenue from recurring fee for service business and revenue related to the sale of goods and services.

Transfer prices between business segments are set on an arm’s length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

The following tables present revenue and profit/ (loss) information and certain asset and liability information regarding business segments for the years ended 30 June 2015 and 30 June 2014.

NOTE 1 SEGMENT INFORMATION - CONTINUED

Year ended 30 June 2015

Operating Segments	Traffic Operations North America $'000	Traffic Operations Aust/ International $'000	Total $'000
Revenue			
Revenue from operations*	74,956	49,389	124,345
Inter-segment revenue	-	5,190	5,190
Total segment revenue	74,956	54,579	129,535
Inter-segment elimination			(5,190)
Total consolidated revenue			124,345
Result			
Profit before interest, tax, depreciation, amortisation and impairment	12,295	11,316	23,611
Impairment	(22,512)	(5,249)	(27,761)
Depreciation	(21,202)	(1,727)	(22,929)
Amortisation	(1,629)	(4,024)	(5,653)
Inter-segment royalty	1,797	(1,797)	-
Segment result	(31,251)	(1,481)	(32,732)
Head office result			(5,100)
Loss before tax and finance charges			(37,832)
Finance charges			(771)
Loss before income tax			(38,603)
Income tax benefit			6,659
Net loss after income tax			(31,944)
Assets and liabilities			
Segment assets	58,773	83,871	142,644
Head office assets			23,089
Total assets			165,733
Segment liabilities	38,690	18,775	57,465
Head office liabilities			1,949
Total liabilities			59,414
Other segment information			
Capital expenditure**	12,262	2,410	14,672
Head office capital expenditure			100
Total capital expenditure			14,772

*Sales revenue shown under the North America segment includes sales arising in Canada of $3.7 million during FY15.

**Excludes asset retirement obligation (“ARO”)

NOTE 1 SEGMENT INFORMATION – CONTINUED

Year ended 30 June 2014

Operating Segments	Traffic Operations North America $'000	Traffic Operations Australia/ International $'000	Total $'000
Revenue			
Revenue from operations*	83,473	38,060	**121,533**
Inter-segment revenue	-	4,193	**4,193**
Total segment revenue	**83,473**	**42,253**	**125,726**
Inter-segment elimination			**(4,193)**
Head office finance revenue			**-**
Total consolidated revenue			**121,533**
Result			
Profit before interest, tax, depreciation, amortisation and impairment	22,811	9,663	**32,474**
Impairment on property plant and equipment and other capitalized costs	(2,306)	-	**(2,306)**
Inter-segment royalty	1,744	(1,744)	**-**
Depreciation	(22,264)	(1,004)	**(23,268)**
Amortisation	(1,594)	(3,182)	**(4,776)**
Segment result	**(1,599)**	**3,733**	**2,124**
Head office result			**(4,672)**
Loss before tax and finance charges			**(2,548)**
Finance charges			**(1,294)**
Loss before income tax			**(3,842)**
Income tax expense			**2,659**
Net loss after tax			**(1,183)**
Assets and liabilities			
Segment assets	64,242	83,667	**147,909**
Head office assets			**23,478**
Total assets			**171,387**
Segment liabilities	35,981	17,153	**53,134**
Head office liabilities			**487**
Total liabilities			**53,621**
Other segment information			
Capital expenditure**	11,093	4,845	**15,938**
Head office capital expenditure			**32**
Total capital expenditure			**15,970**

*Sales revenue shown under the North America segment includes sales arising in Canada of $1.4 million during FY14.

**Excludes asset retirement obligation ("ARO")

NOTE 2 OTHER REVENUE, OTHER INCOME AND EXPENSES

	Consolidated 2015 $'000	2014 $'000
Revenues and expenses		
Revenue from operations	124,345	121,533
Total Revenue	**124,345**	**121,533**
Depreciation, amortisation and impairment costs included in income statement		
Depreciation of assets in fee for service business	21,202	22,264
Depreciation of other assets	1,743	1,012
Amortisation of intangibles	5,653	4,776
Impairment of inventories	2,800	-
Impairment of receivables	1,682	-
Impairment on property plant and equipment	18,048	1,850
Impairment of capitalised development costs	5,231	456
	56,359	**30,358**
Employee benefits expense *		
Wages and salaries	45,867	41,143
Payroll benefits	5,825	5,965
Contract labour	4,130	2,124
Superannuation	1,921	1,681
Payroll taxes	2,877	2,741
Share-based payment expense	583	567
Other payroll related expenses	1,344	2,190
	62,547	**56,411**
Research and development costs		
Expensed in administration expenses	1,042	858

*Employee benefits expense includes some costs which are capitalised where appropriate.

NOTE 3 CONSOLIDATED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit / loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options not yet converted to shares. As the Company has recorded a loss for both FY15 and FY14 the impact of any dilutive options not yet converted to shares would be nil.

The following reflects the income and share data used in the total operations basic earnings per share computations:

	2015 $'000	2014 $'000
Loss for the period for basic earnings per share	**(31,944)**	**(1,183)**
	Thousands	**Thousands**
Number of ordinary shares for basic earnings per share	110,762	110,762

NOTE 4 ISSUED AND QUOTED SECURITIES

ORDINARY SECURITIES	**Total number**	**Number quoted**	**Issue price per security**	**Amount paid up per security**
Issued at 1 July 2014	**110,762,310**	**110,762,310**		
Changes during current period				
Increases through issues	-	-	-	-
On issue at 30 June 2015	**110,762,310**	**110,762,310**		

ISSUED AND UNQUOTED PERFORMANCE RIGHTS

Unquoted performance rights	**Total Number**		**Date**
Issued at 1 July 2014	**2,824,092**		
Changes during the current half-year period			
Lapsed – performance to 1 October 2014	(764,633)		2 Oct 2014
Cancelled – Employee exiting organization	(19,171)		31 Oct 2014
Cancelled – Employee exiting organization	(27,341)		10 Feb 2015
Issued – performance to 4 May 2018	997,742	*	6 May 2015
Cancelled – Employee exiting organization	(429,499)		6 May 2015
Cancelled – Employee exiting organization	(557,068)		25 June 2015
Cancelled – Employee exiting organization	(269,515)		30 June 2015
Outstanding at 30 June 2015	**1,754,607**		

* Under the terms of the Company's established LTI plan, key management personnel receive an annual grant of performance rights which vest three years out if performance hurdles are met. The annual grant of performance rights were issued on 6 May 2015.

NOTE 5 INCOME TAX

The major components of income tax expense for the years ended 30 June 2015 and 2014 are:

Consolidated income statement

	2015 $'000	2014 $'000
Current income tax		
Current income tax charge (benefit)	(203)	1,749
Deferred tax		
Relating to origination and reversal of temporary differences	(6,456)	(4,408)
Income tax expense/(benefit) reported in the consolidated statement of comprehensive income	**(6,659)**	**(2,659)**

A reconciliation between tax expense and the product of accounting profit multiplied by Australia's domestic tax rate for the years ended 30 June 2015 and 2014 is as follows:

	2015 $'000	2014 $'000
Accounting loss before income tax	**(38,603)**	**(3,842)**
At the statutory income tax rate of 30% (2014: 30%)	(11,581)	(1,153)
De-recognition of foreign tax credits	3,382	-
Permanent differences	159	-
Impact of tax rate differential on foreign operations	(731)	(509)
Research and development tax incentives	(496)	(946)
Under / (Over) provision in prior years	2,608	(51)
At effective income tax rate of (19.2%), (2014: 69.0%)	**(6,659)**	**(2,659)**
Income tax benefit reported in the consolidated statement of comprehensive income	**(6,659)**	**(2,659)**

:

NOTE 5 INCOME TAX (CONTINUED)

Deferred Tax

Deferred tax relates to the following

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(i) Deferred tax liabilities				
Accelerated depreciation for tax purposes	-	2,494	-	(7,832)
Capitalised development costs	7,175	6,880	3,244	1,273
Other	137	6	137	6
Gross deferred tax liabilities	**7,312**	**9,380**		
(ii) Deferred tax assets				
Employee Entitlements	2,663	1,490	(102)	928
Provisions	7,826	5,033	4,172	2,734
Deferred tax asset on fixed assets	5,207	-	(2,545)	-
Deferred tax asset on foreign tax credits	-	3,132	3,382	353
Deferred tax asset on net operating losses	-	-	(7,383)	1,551
Carry forward research & development tax offset	2,356	3,421	(496)	(3,421)
Other	(588)	-	(612)	-
Gross deferred tax assets	**17,464**	**13,076**		
Deferred tax charge			**(203)**	**(4,408)**

At 30 June 2015 there is no recognised nor unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of the consolidated entity's subsidiaries, as the consolidated entity has no liability for additional taxation should such amounts be remitted.

Tax Consolidation

Redflex Holdings Limited and its 100% Australian owned subsidiaries are a tax consolidated group. Members of the Group have entered into a tax sharing arrangement and a tax funding agreement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the reporting date, the possibility of default is remote. The head entity of the tax consolidated group is Redflex Holdings Limited.

NOTE 6 CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

	2015 $'000	2014 $'000
Cash at banks and on hand	12,028	9,996
Restricted cash	5,007	3,753
	17,035	**13,749**

Reconciliation of net profit after tax to net cash flows from operations

	2015 $'000	2014 $'000
Net profit after income tax	(31,944)	(1,183)
Non cash flow items		
Depreciation expense	21,202	22,264
Asset retirement obligation depreciation	1,743	1,012
Amortisation of intangibles	5,653	4,776
Impairment of property, plant and equipment	18,048	1,850
Impairment of capitalised development costs	5,231	456
Deferred financing costs amortisation	162	295
Share based payments	583	568
Impairment of inventories	2,800	-
Impairment of accounts receivable	1,672	-
Change in operating assets and liabilities		
Decrease/(Increase) in prepayments	(47)	121
(Increase)/Decrease in receivables	(8,573)	7,048
Decrease in non-current trade receivables	10,657	-
Increase in tax refund	(232)	(1,582)
(Increase)/Decrease in inventories	2,981	(189)
Decrease in taxation provisions	(2,220)	(1,798)
Decrease / (Increase) in deferred tax asset	(1,338)	2,145
Decrease in deferred tax liability	(4,493)	(6,038)
Increase (Decrease) in employee entitlements	(31)	430
(Decrease)/Increase in deferred revenue	(433)	302
Decrease in payables	(1,700)	(740)
Decrease/(Increase) in deferred costs asset	(160)	153
Net cash flows from operating activities	**19,561**	**29,890**

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for periods between one day and three months, depending on the immediate cash requirements, and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents, inclusive of restricted cash, is $17,034,561 (2014: $13,748,505)

The Company collects citation revenue for municipalities under some contracts. The proceeds are received in lock-box accounts and are described in the notes as restricted cash. The allocation of entitlements to a municipality and to Redflex is determined and made subsequent to each month's end.

NOTE 7 TRADE AND OTHER RECEIVABLES (CURRENT)

	2015 $'000	2014 $'000
Trade receivables	34,372	19,899
Allowance for impairment losses	(3,782)	(1,600)
	30,590	**18,299**

Trade receivables are non-interest bearing and are generally on 30 day terms, with exception of the following

- Trade receivables with Saudi Arabia are generally on 90 day terms; and
- The settlement with Jefferson Parish is expected to take place in November 2015 following the final approval by the 24th Judicial District Court for the Parish of Jefferson. This receivable has been classified in the + 91 days past due not impaired category at 30 June 2015.

Movements in the provision for impairment loss were as follows:

	2015 $'000	2014 $'000
At 1 July 2014	**1,600**	**2,425**
Charged (utilised) for the year	2,182	(825)
At 30 June 2015	**3,782**	**1,600**

As at 30 June the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI*	+ 91 days PDNI*	+ 91 days CI*
2015	34,372	16,057	2,660	432	11,441	3,782
2014	19,899	8,957	3,933	1,734	3,675	1,600

*PDNI – Past due not impaired

*CI – Considered impaired

NOTE 8 INVENTORIES (CURRENT)

	2015 $'000	2014 $'000
Work in progress- at cost	9,522	7,388
Total work in progress	**9,522**	**7,388**
Raw materials and camera components – at cost	10,179	12,859
Impairment of raw material and camera components	(2,800)	-
Total raw materials and camera components - at net realisable value	**7,379**	**12,859**
	16,901	**20,247**

Raw material and camera components represent items held for the manufacture of photo enforcement camera systems for use within the USA business or for resale as individual components. Inventories are held at the lower of cost or net realisable value. Impairment for the year was recognised due to an analysis of the level of inventory which the Company held against its contract obligations.

NOTE 9 PLANT AND EQUIPMENT (NON CURRENT)

Year ended 30 June 2015

	Plant and equipment $'000	Motor vehicles $'000	Furniture and other $'000	Computer equipment $'000	Asset Retirement Obligation* $'000	Total $'000
At 1 July 2014 net of accumulated depreciation and impairment	**52,977**	**3,354**	**130**	**2,399**	**2,421**	**61,281**
Additions	12,978	147	9	1,638	1,671	**16,443**
Reclassification	(43)	39	4	-	-	**-**
Impairment**	(18,048)	-	-	-	-	**(18,048)**
Disposals	-	-	-	-	(489)	**(489)**
Depreciation for the year	(18,961)	(951)	(59)	(1,393)	(1,581)	**(22,945)**
Exchange adjustment	16,897	40	19	321	558	**17,835**
At 30 June 2015 net of accumulated depreciation and impairment	**45,800**	**2,629**	**103**	**2,965**	**2,580**	**54,077**
At 30 June 2015						
Cost	188,519	5,388	1,878	19,148	5,840	220,773
Accumulated depreciation and impairment	(142,719)	(2,759)	(1,775)	(16,183)	(3,260)	(166,696)
Net carrying amount	**45,800**	**2,629**	**103**	**2,965**	**2,580**	**54,077**
At 30 June 2014						
Cost	171,211	5,401	1,957	16,890	5,077	200,536
Accumulated depreciation and impairment	(118,234)	(2,048)	(1,828)	(14,491)	(2,656)	(139,256)
Net carrying amount	**52,977**	**3,354**	**130**	**2,399**	**2,421**	**61,281**

* Depreciation of the asset retirement obligation shall occur over the same time period that the liability accretes, and is calculated on a straight-line basis, primarily because the underlying equipment is depreciated on a straight-line basis.

**The impairment loss is represented by the following:-

- $10.75 million in relation to assets associated with contracts, which have been terminated during the year, principally in New Jersey and Ohio.
- $7.3 million in relation to impairment identified in the North American traffic operation Cash Generating Unit ("CGU") as a result of management's annual impairment test. Please refer to Note 16 for further details.

All impairment losses were recognised in the statement of comprehensive income at 30 June 2015.

NOTE 9 PLANT AND EQUIPMENT (NON CURRENT) - CONTINUED

Year ended 30 June 2014

	Plant and equipment $'000	Motor vehicles $'000	Furniture and other $'000	Computer equipment $'000	Asset Retirement Obligation * $'000	Total $'000
At 1 July 2013 net of accumulated depreciation and impairment	**67,887**	**606**	**265**	**1,713**	**1,897**	**72,368**
Additions	10,625	3,414	-	1,931	1,309	**17,279**
Reclassification	34	-	(34)	-	-	**-**
Impairment	(1,723)	-	-	-	(127)	**(1,850)**
Disposals	-	(143)	-	-	(138)	**(281)**
Depreciation for the year	(21,013)	(518)	(97)	(1,197)	(451)	**(23,276)**
Exchange adjustment	(2,833)	(5)	(4)	(48)	(69)	**(2,959)**
At 30 June 2014 net of accumulated depreciation and impairment	**52,977**	**3,354**	**130**	**2,399**	**2,421**	**61,281**
At 30 June 2014						
Cost	171,211	5,402	1,958	16,890	5,077	200,538
Accumulated depreciation and impairment	(118,234)	(2,048)	(1,828)	(14,491)	(2,656)	(139,257)
Net carrying amount	**52,977**	**3,354**	**130**	**2,399**	**2,421**	**61,281**
At 30 June 2013						
Cost	185,219	2,446	2,276	15,432	4,711	210,084
Accumulated depreciation and impairment	(117,332)	(1,839)	(2,011)	(13,719)	(2,814)	(137,716)
Net carrying amount	**67,887**	**606**	**265**	**1,713**	**1,897**	**72,368**

* Depreciation of the asset retirement obligation shall occur over the same time period that the liability accretes, and is calculated on a straight-line basis, primarily because the underlying equipment is depreciated on a straight-line basis.

NOTE 10 INTANGIBLE ASSETS

Year ended 30 June 2015

	Development Costs $'000	Goodwill $'000	Contracts $'000	Non-compete & Trademarks $000	Total $'000
At 1 July 2014, net of accumulated amortisation and impairment	**27,584**	**2,396**	**743**	**403**	**31,126**
Additions	4,752	-	-	-	**4,752**
Impairment*	(5,231)	-	-	-	**(5,231)**
Amortisation for the year	(4,998)	-	(450)	(205)	**(5,653)**
Exchange adjustment	1,152	552	134	74	**1,912**
At 30 June 2015, net of accumulated amortisation and impairment	**23,259**	**2,948**	**427**	**272**	**26,906**
At 30 June 2015					
Cost	53,550	5,581	1,951	959	62,041
Accumulated amortisation and impairment	(30,291)	(2,633)	(1,524)	(687)	(35,135)
Net carrying amount	**23,259**	**2,948**	**427**	**272**	**26,906**
At 30 June 2014					
Cost	46,976	4,536	1,585	779	**53,876**
Accumulated amortisation and impairment	(19,392)	(2,140)	(842)	(376)	**(22,750)**
Net carrying amount	**27,584**	**2,396**	**743**	**403**	**31,126**

*The impairment loss is represented by the following:-

- $0.7 million in relation to capitalised development costs in Redflex International which are unlikely to generate cash flows for the Company
- $4.5 million in relation to impairment identified in the North American traffic operation Cash Generating Unit ("CGU") as a result of management's impairment annual impairment test. Please refer to Note 16 for further details.

All impairment losses were recognised in the statement of comprehensive income at 30 June 2015.

NOTE 10 INTANGIBLE ASSETS (CONTINUED)

Year ended 30 June 2014

	Development Costs	Goodwill	Contracts	Non-Compete and Trademarks	Total
	$'000	$'000	$000	$000	$'000
At 1 July 2013, net of accumulated amortisation and impairment	**23,984**	**2,471**	**1,175**	**603**	**28,233**
Additions	8,045	-	-	-	**8,045**
Impairment	(456)	-	-	-	**(456)**
Amortisation for the year	(4,168)	-	(417)	(191)	**(4,776)**
Exchange adjustment	179	(75)	(15)	(9)	**80**
At 30 June 2014, net of accumulated amortisation and impairment	**27,584**	**2,396**	**743**	**403**	**31,126**
At 30 June 2014					
Cost	46,976	4,536	1,585	779	**53,876**
Accumulated amortisation and impairment	(19,392)	(2,140)	(842)	(376)	**(22,750)**
Net carrying amount	**27,584**	**2,396**	**743**	**403**	**31,126**
At 30 June 2013					
Cost	39,317	4,606	1,635	804	**46,362**
Accumulated amortisation and impairment	(15,333)	(2,135)	(460)	(201)	**(18,129)**
Net carrying amount	**23,984**	**2,471**	**1,175**	**603**	**28,233**

DEVELOPMENT COSTS

Development costs are capitalised at cost. This intangible asset has been assessed as having a finite life and is amortised over its useful life using the straight line method, usually over 10 years. The asset is tested for impairment when an indicator of impairment arises.

GOODWILL

Goodwill was acquired upon the acquisition of the business and business assets of Smart Bus (now known as 'Redflex Student Guardian') and is tested for impairment on an annual basis (please refer to Note 16 for details).

NOTE 11 OTHER NON CURRENT ASSETS

	Consolidated 2015 $'000	2014 $'000
Trade receivables*	-	9,354
Allowance for impairment losses	-	(500)
Other non-current assets	26	93
	26	**8,947**

Trade receivables are non-interest bearing.

*The balance fully related to a long term receivable from Jefferson Parish. This amount is expected to be recovered within the next 12 months and has thus been classified as 'current' at 30 June 2015. Further details have been provided in note 7 – Trade and other receivables.

Movements in the provision for impairment loss were as follows:

	2015 $'000	2014 $'000
At 1 July	**500**	**-**
Charged (written back) for the year	(500)	500
At 30 June	**-**	**500**

At 30 June, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI*	61-90 days CI*	+ 91 days PDNI*	+ 91 days CI*
2015	-	-	-	-	-	-	-
2014	9,354	-	-	-	-	8,854	500

*PDNI – Past due not impaired

*CI – Considered impaired

NOTE 12 TRADE AND OTHER PAYABLES

	2015 $'000	2014 $'000
Current		
Trade payables and accruals	19,323	16,869
Deferred revenue	581	957
Trade and other payables	**19,904**	**17,826**

Trade payables are non-interest bearing and are normally settled on 30 day terms. Other payables are non-interest bearing and have an average term of 60 days.

Deferred revenue represents payments received for which services remain to be provided. Amounts are recognised as revenue only when service has been provided. Deferred revenue normally applies to periods under one year in duration.

NOTE 13 INTEREST-BEARING LOANS AND BORROWINGS

	2015 $'000	2014 $'000
Current		
Bank borrowings	19,595	15,962
Deferred financing costs	(146)	(67)
	19,449	**15,895**

Bank Indemnity Guarantees

The Group's bankers have issued indemnity guarantees to certain customers in respect of letters of credit, bid bonds and performance bonds for $1,918,668 (30 June 2014: $1,782,868).

Financing facilities available

	2015 $'000	2014 $'000
Total facilities committed		
Bank borrowings	39,190	74,318
AU$ working capital facility	8,000	8,000
	47,190	**82,318**
Facilities used at reporting date		
Bank borrowings	19,595	15,926
Security for letters of credit issued to customers	1,919	1,783
	21,514	**17,709**
Facilities unused at reporting date	**25,676**	**64,609**

At 30 June 2015 the Group holds a Syndicated Financing Facility ("the facility") with a value of USD$30 million (A$39.2 million). The facility expires on 7 August 2017 and is held with a syndicate of three Australian banks. The facility also includes an accordion feature for a further USD$30 million (A$39.2 million), which is uncommitted.

Due to the impairment adjustment recognised management are in discussions with the syndicate members to obtain a waiver for covenant calculation purposes. The consent waiver is expected to be received shortly following the lodgment of the Company's Appendix 4E. Consequently at this time, despite the facilities not due to expire until 2017, the balance of the debt facilities have been considered as current and at "call" until the waiver is received.

In addition, the Company continues to hold an A$8.0 million working capital facility for bank guarantees and bonds required to support bids and contracts with certain customers.

The net debt position of the Group at 30 June 2015 was $2.4 million (including restricted cash of $5.0 million) (2014: $2.2 million including restricted cash of $3.8 million). Restricted cash is revenue collected on behalf of customers.

NOTE 14 CURRENT LIABILITIES – PROVISIONS

	2015 $'000	2014 $'000
Employee entitlements	3,450	3,337
Provision for warranties	130	35
Asset retirement obligation – liability	3,665	2,146
	7,245	**5,518**

NOTE 15 NON CURRENT LIABILITIES – PROVISIONS

	2015 $'000	2014 $'000
Employee entitlements	719	566
Asset retirement obligation – liability	4,168	3,460
	4,887	**4,026**

(a) Movements in provisions

	Maintenance Warranties $'000	Employee Entitlements $'000	Asset Retirement Obligations $'000	Total $'000
At 1 July 2014	**35**	**3,903**	**5,606**	**9,544**
Arising during the year	95	723	1,986	**2,804**
Utilised during the year	-	(1,186)	(1,130)	**(2,316)**
Exchange adjustment	-	729	1,371	**2,100**
At 30 June 2015	**130**	**4,169**	**7,833**	**12,132**
Current 2015	130	3,450	3,665	**7,245**
Non-Current 2015	-	719	4,168	**4,887**
At 30 June 2015	**130**	**4,169**	**7,833**	**12,132**
Current 2014	35	3,337	2,146	**5,518**
Non-Current 2014	-	566	3,460	**4,026**
At 30 June 2014	**35**	**3,903**	**5,606**	**9,544**

NOTE 15 NON CURRENT LIABILITIES – PROVISIONS – CONTINUED

Superannuation

During the year ended 30 June 2015 the Group was obligated to contribute 9.5% of an Australian employee's salary up to the maximum contributions base into a superannuation fund of the employee's choice. All of the economic entities' responsibilities in respect to superannuation commitments relating to the year ended 30 June 2015 have been discharged.

(b) Nature and Timing of Provisions

(i) Maintenance warranties

A provision is recognised for expected warranty claims on products sold during the last two years, based on past experience of the level of repairs and "make good" costs.

It is expected that most of these costs will be incurred in the next financial year.

Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for products.

(ii) Asset retirement obligation

The "Build Own Operate and Maintain" business within the North American traffic division is based on individual contracts with municipalities for Redflex to install and operate red light and/or speed enforcement equipment, generally for 5 years or less. Certain of these contracts require that, upon termination, Redflex removes the equipment and restore the municipality's site to its original condition.

(iii) Employee entitlements

The movement in the employee entitlements provision relates to extra entitlements incurred net of entitlements taken during the financial year.

NOTE 16 ASSET IMPAIRMENT

The Company performed its annual impairment test in June 2015. The Company considers its relationship between its market capitalization and book value of equity, among other factors, when reviewing for indicators of impairment. At 30 June 2015 the market capitalization of the Company was significantly below the book value of equity.

As part of the annual impairment test an assessment has been performed at the cash generating unit ("CGU") level to assess whether the CGU's recoverable amounts exceed the carrying value of the respective asset bases in accordance with *AASB 136 – Impairment of Assets*.

Determination of Cash Generating Unit's ("CGU's")

For segment reporting purposes the Chief Operating Decision Maker ("CODM") reviews the Company's results based on geographical positioning. On this basis two segments have been identified by the Company being Traffic Operations in "North America" and "Australia and International". From a CGU perspective Redflex Guardian generates independent cash-flows. Whilst at a segment level this business is included within the North American segment (due to Redflex Guardian operating in North America), for the purpose of asset impairment testing this business has been treated as a stand-alone CGU. The CGU's identified by the Company are as follows:-

- North American traffic operations;
- Redflex Guardian; and
- Australian and International traffic operations.

A summary of non- current assets held by the Company, **post impairment charges**, is shown below:-

	Redflex Guardian*		North American traffic operations*		Aust / International traffic operations		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Goodwill	2,948	2,396	-	-	-	-	2,948	2,396
Plant and equipment	7,720	3,792	40,314	52,161	6,043	5,328	54,077	61,281
Intangible assets	772	1,264	-	4,451	23,186	23,015	23,958	28,730
	11,440	7,452	40,314	56,612	29,229	28,343	80,983	92,407

*The carrying value of assets in these CGU's are subject to fluctuations in foreign exchange. For the North American traffic operations the recoverable amount is equal to the carrying amount.

Accounting polices

In accordance with the Company's accounting policies the following valuation methodologies are applied:-

CGU	Valuation methodology
North American traffic operations	Fair value less costs of disposal
Redflex Guardian	Value in use
Australian and International traffic operations	Value in use

Fair value less costs of disposal ("FVLCOD")

The FVLCOD for the CGU is assessed based on the most recent forecasted profit before interest tax, depreciation and amortisation ("PBITDA"), prepared as part of management's budgeting and forecasting process, less the incremental costs from disposing of the asset. These business transactions are corroborated by valuation multiples. The valuation multiples are determined by quoted share prices for publically traded companies or other available fair value indicators.

The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards) as they are derived from valuation techniques that include inputs that are not based on observable market data. The company considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Value in use

The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from managements budgets for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the assets performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

NOTE 16 ASSET IMPAIRMENT – CONTINUED

North American traffic operations

The FVLCOD for the CGU has been calculated using the most recent forecasted profit before interest, tax, depreciation, and amortization ("PBITDA") prepared as part of managements budgeting and forecasting process. A valuation multiple of 4 times has been used in order to calculate the enterprise value of the CGU, which is managements best estimate based on the fair value indicators available as at 30 June 2015. The post- tax discount rate applied to the PBITDA is 15.2%. Costs of disposal are estimated as 5% of the total enterprise value of the CGU, which is accordance with management's policy.

As detailed in the Redflex Group's review of operations section of this report the US photo enforcement market continues to be challenging. As a result of the analysis management has identified a total impairment of $11.8 million (USD$ 9.0 million) at 30 June 2015. The impairment charge has been recognised against capitalised development costs $4.5 million (USD$3.4 million) and plant and equipment $7.3 million (USD$5.6 million).

Furthermore, independent of the analysis management identified an additional impairment of plant and equipment of $10.75 million driven predominantly by termination and expiry of contracts held within the CGU.

Sensitivity analysis

The FVLCOD model is most sensitive to the following assumptions:-

- Forecasted profit before interest, tax, depreciation, and amortisation; and
- External valuation multiples.

Any variation in the key assumptions used to determine the recoverable amounts would result in a change in the assessed recoverable amount as detailed in the sensitivities below. These sensitivity's assume that the specific assumption moves in isolation while all other assumptions remain constant.

Profit before interest, tax, depreciation, and amortisation (PBITDA)

PBITDA is based on both revenue generation, gross margin and operating expenses. Revenue generation has been determined using the CGU's current portfolio of fixed contracts which will continue into subsequent periods. Management has estimated the potential impact of both new contracts being awarded and the risk associated with current contracts, which are currently in place in the budgeting and forecasted process. Operating expenses have been determined using managements budget which takes into consideration cost reduction strategies which have already been formally committed to.

A decrease in budgeted PBITDA of 5% would result in an additional impairment of $3.0 million (USD$ 2.3 million) the North American traffic operations CGU.

External valuation multiple

The external valuation multiple is considered from the view of a market participant and is derived from value indictors such as quoted share prices for publically traded companies and external information provided to the Company.

It is noted that a decrease in the external valuation multiple of 5% would result in an additional impairment of $2.9 million (USD$2.2 million) in the North American traffic operations CGU.

NOTE 16 ASSET IMPAIRMENT – CONTINUED

Redflex Guardian

As the Redflex Guardian CGU contains Goodwill this has been assessed separately as part of the annual impairment testing.

Goodwill

The key assumptions used in cash flow projections to undertake impairment testing of goodwill are:

- Revenue growth has been determined by extrapolating the number of new systems, anticipated issuance and paid citation rates for near term opportunities which have already been identified. These assumptions are based on historical performance and also the assumptions underlying the Company's financial budgets covering a five year period
  - An approximate 4.5% (CAGR) growth in systems over the five year period.
  - The volume of citations identified per system to remain constant with 2015 actual levels and to increase by 0.44% over the five year period.
- Margins based on performance in the preceding year, increased for expected efficiency improvements.
- The yield on a ten year USA based Government Bond rate consistent with external informational sources is utilised;
- Projected cash flows have been discounted using an after-tax discount rate of 15.2% (FY2014: 15.5%); and
- An extrapolated growth rate of 2% in the installed base has been used beyond the forecast period.

As a result of the analysis management did not identify any impairment of goodwill in the CGU.

Other assets excluding goodwill

The carrying value of other assets has been tested using cash flow projections covering a five year period. The post- tax discount rate applied to the projections is 15.2% (2014: 15.2%). Cash flows beyond year four and into perpetuity are extrapolated using a growth rate of 2.0% (2014:2.0%).

As a result of the analysis management did not identify any impairment of other assets in the CGU.

Sensitivity Analysis

The value in use model for Redflex Guardian is most sensitive to the following assumptions

- Gross revenue and number of systems installed (including contract churn)
- Citation rates per day
- Discount rates
- Impact of movements in foreign exchange

Any variation in the key assumptions used to determine the recoverable amounts would result in a change in the assessed recoverable amount as detailed in the sensitivities below. These sensitivities assume that the specific assumption moves in isolation while all other assumptions remain constant. From the sensitivities performed there are no reasonable possible change in circumstances that identify impairment.

Gross revenue and number of systems installed

Gross revenue and the number of systems installed is based on the current portfolio of fixed contracts which will continue into subsequent periods. Management has estimated the potential impact of both new contracts being awarded and the risk associated with current contracts, which are currently in place with reference to cash flows in years 1 – 5 of the impairment model. The growth rates noted above are used for growth into perpetuity.

NOTE 16 ASSET IMPAIRMENT – CONTINUED

Citation rates per day

The revenue model in the Redflex Guardian CGU's is linked to the number of citations issued by each camera per day. The citation rate is based on actual data received since the commencement of programs in combination with future business expectations and advancements in technology which would increase the number of citations issued per day.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU taking into consideration the time value of money and individual risks of underlying assets that have not been incorporated into cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived by the Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factor are evaluated annually based on publically available market data, which includes the specific amount and timing of future tax flows in order to reflect a post-tax discount rate for the Company.

Impact of movements in foreign exchange

The Redflex Guardian and North American Traffic Operation CGU's cash flows are affected by movements in foreign exchange. Whilst these movements into the future cannot be reliably measured management has assessed the impact on changes to the rates through sensitivity analysis.

Australian and International traffic operations

The carrying value of assets has been tested using cash flow projections from financial budgets covering a five year period. The post- tax discount rate applied to the projections is 14.2% (2014: 14.2%). Cash flows beyond year four and into perpetuity are extrapolated using a growth rate of 2.0% (2014:2.0%).

As a result of the analysis management did not identify any impairment in the CGU.

Sensitivity Analysis

The value in use model for the Australian and International traffic operations model is most sensitive to the following assumptions

- Gross revenue and number of systems installed (including contract churn);
- Gross margin on service contracts;
- Variation in operating expenses; and
- Discount rates.

Any variation in the key assumptions used to determine the recoverable amounts would result in a change in the assessed recoverable amount as detailed in the sensitivities below. These sensitivities assume that the specific assumption moves in isolation while all other assumptions remain constant. From the sensitivities performed there are no reasonable possible change in circumstances that identify impairment.

Gross revenue and number of systems installed

Gross revenue and the number of systems installed is based on the current portfolio of fixed contracts which will continue into subsequent periods. Management has estimated the potential impact of both new contracts being awarded and the risk associated with current contracts, which are currently in place with reference to cash flows in years 1 – 5 of the impairment model. The growth rates noted above are used for growth into perpetuity.

Gross margin on service contracts

Gross margins are based on actual data from the 2015 period and the expectation on margin at completion on significant projects in the short term. Margins are set to increase over the budgeted period due to increased efficiencies within the business.

NOTE 16 ASSET IMPAIRMENT – CONTINUED

Variation in operating expenses

Operating expenses are based on actual figures from 2015 data adjusted for the expecting impact of costs reduction policies which have been committed to by management.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU taking into consideration the time value of money and individual risks of underlying assets that have not been incorporated into cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived by the Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factor are evaluated annually based on publically available market data, which includes the specific amount and timing of future tax flows in order to reflect a post-tax discount rate for the Company.

NOTE 17 CONTINGENCIES

There has been no change in contingent assets or liabilities since 30 June 2015 except as set out below in Note 18.

The Company's U.S. subsidiary, RTSI, is currently a party to various legal actions and investigations that have arisen during the course of our business. Any liabilities arising from such actions are uncertain and indeterminate as at the date of this report but may, in certain circumstances, be expected to have a material adverse effect on the Group. The Company and our legal advisors closely monitor these actions and the Company continues to assert its rights and defend claims as appropriate. Provisions are not required in respect of these matters as at the date of this report, as it is either not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Chicago and Ohio – possible outcomes

The Company has previously announced that there is a continuing investigation by the U.S. Department of Justice in regard to RTSI's historical dealings with the City of Chicago ("Chicago") and in the State of Ohio.

The U.S. Department of Justice has not yet confirmed any conclusion to its investigation. After the investigation concludes, it is possible that the Company will be subject to a monetary fine. At this point in time it is not possible to estimate the timing for completion of the official investigation nor the level of potential monetary fine that the Company may face.

Chicago also has the ability to issue a variety of penalties for local ordinance violations ranging from monetary penalties to debarment.

Chicago has recently notified the Company, after the balance date that it intends to intervene in a qui tam legal action in Chicago commenced by a former Redflex executive. If successful the Chicago may recover damages from the Company along with other civil penalties. At this stage of the proceedings whether any amounts are recoverable by Chicago or the quantum of any such recovery is unknown (refer to Note 18 for additional details).

The Company does not expect penalty outcomes from any Ohio jurisdiction in which the Company operated.

NOTE 18 EVENTS AFTER BALANCE SHEET DATE

On 17 July 2015 the City of Columbus ("Columbus") notified RTSI that Columbus intends to exercise their right to terminate the Columbus contract. This decision was not unanticipated by the Company and the Company had therefore previously recognised an impairment of $2.3 million in relation to Ohio assets in the half year financial report at 31 December 2014. Subsequent to this recent event, the Company has recognised a further impairment of $2.1 million resulting in a total impairment charge of $10.75 million for the year ended 30 June 2015.

On 31 August 2015 Chicago notified the Company that a *qui tam* legal action has been commenced in the Circuit Court of Cook County by Mr. Aaron Rosenberg, a former executive of RTSI. Chicago has notified the Company that Chicago intends to intervene in this matter on behalf of the plaintiff (which means Mr. Rosenberg will cease the role as plaintiff). Amongst other civil penalties, the legal action claims an award of damages treble the amount paid to RTSI by Chicago under the now terminated contracts between RTSI and Chicago. The claim alleges that the revenues earned by RTSI under the now terminated contracts were USD$100 million.

If successful, the claims and purported actions above may, individually or in aggregate, be material in nature noting however that these amounts are not capable of being accurately measured as at the date of this report.

Redflex will continue to exercise its rights as appropriate in relation to the above matters.

There were no other significant events subsequent to 30 June 2015 and prior to the date of this report.

NOTE 19 COMPLIANCE STATEMENT

This report is based on accounts that are in the process of being audited, however due to the matter included in Note 18 in relation to the City of Chicago, the unqualified independent audit report is likely to include an emphasis of matter paragraph.

Adam Gray
Chairman

31 August 2015