Transol Corporation Limited

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ASX Release

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QUARTERLY REPORT FOR THE 3 MONTH PERIOD ENDED 31 MARCH 2005

CONTRACT SALES EXPANDED AND SUPPORT INFRASTRUCTURE STRENGTHENED

- **53 approaches are now under contract for nine (9) cities across the states of California, Colorado, Georgia, Iowa and Maryland.**
- **Revenues of $2.2 million earned, predominantly from USA red light camera sales and leaseback.**
- **USA administration consolidated into Phoenix Centre.**
- **Maryland award gives coast-to-coast market presence and largest contract to date.**
- **Transol expands into Canada.**
- **Corporate Activity – shares & options issued under approved milestone arrangements.**
- **$4 million capital placement completed and Share Purchase Plan implemented.**

Revenues of $2.2 million earned, predominantly from USA red light camera sales and leaseback

March 2005 Quarter revenues were predominantly derived from the install/sell/leaseback/operate facility with RentWorks Limited, with some additional revenue streams becoming available as new camera sites completed their mandatory one-month Warning Letter phase (during which time fees to Transol are not payable).

With earned revenues of $2.2 million received from the operation, sale and leaseback of red light camera sites in the USA, the Company recorded a small net cash outflow ($0.2 million) for the March 2005 Quarter, reflecting investments in new infrastructure and skilled contract support staff. This follows the positive net operating cash flow result for the December 2004 Quarter (with earned revenues of $3.6 million).

Although there have been significant revenues earned during the December 2004 and March 2005 Quarters, chiefly from the sale and leaseback arrangement with RentWorks Limited, the Transol Group anticipates a net operating loss for the 2004-2005 financial year in the order of $6 million.

This net operating loss reflects significant infrastructure expenditures and investments made during the course of the year to establish the Company's presence and contract support services in the USA market.

At the end of March 2005, Transol had completed construction of 34 camera sites across eight (8) cities and four (4) states in the USA. A total of 53 approaches are now under contract for nine (9) cities across the states of California, Colorado, Georgia, Iowa and Maryland. All current operating contracts awarded to date (except Northglenn) span five-year terms.

Transol USA, Inc. consolidated into Phoenix Centre. Processing, customer service and technical resources expanded to support additional operating camera sites.

Responding to the increasing volume of traffic violations as additional traffic camera sites come on-line, Transol USA, Inc. has expanded its processing facilities located in the Financial Center premises of Phoenix, Arizona. (The Company's Data Center was already housed there to take advantage of the centre's optimal security environment.)

The Company also consolidated its administrative function into the Phoenix facility to achieve operating economies, and, in targeting Arizona's skilled labour force and lower rental costs, has established its main Technical Support Centre in the nearby suburb of Tempe. A small Technical Support unit was also established in Annapolis, Maryland, to support client contracts and sales activities in the East Coast region.

Maryland contract gives coast to coast market presence and largest contract award to date.

In early January 2005 the Group's contract base expanded further into the State of Maryland, USA, with execution of its largest contract to date for red light camera operations at twelve (12) intersection approaches with the City of Riverdale Park. This award marked the Group's steady progression eastward from initial awards in California and Colorado, through the Mid-West (Iowa) and the South East (Georgia), and now into the mid-Atlantic region and creating its beachhead contract for marketing into the East Coast. Sales activity into this region will also be supported by the East Coast Technical Support Unit recently established in Annapolis, Maryland.

Transol Inc. incorporated to support expansion into Canada

In January a new Group entity, Transol Inc. was incorporated in Alberta, Canada to facilitate expansion into the Canadian market. Following recent media and public information reports, the Company has confirmed that Transol USA, Inc. has exchanged contract documentation with representatives of the City of Grande Prairie in Alberta, Canada following its selection to provide red light photo enforcement services for the City. Following formal contract acceptance by City Council, the Company expects to commence works to install its first Canadian award during the June 2005 Quarter.

Corporate Activity – shares & options issued under approved milestone arrangements

During the quarter, 2 million ordinary shares were issued to founder shareholders. The issue represents the second of three milestone payments over a three year period following the Company being awarded contracts to install traffic monitoring systems in respect of 50 approaches. The issue of these shares was approved at a General Meeting of Shareholders held 15 August 2003 and was disclosed in the Company's prospectus dated 13 November 2003.

As at the date of this report, the total number of ordinary shares on issue is 77,888,515, with 57,138,515 representing quoted ordinary shares on the ASX.

During the quarter, 158,000 incentive options were issued to employees following the Group's initial 50-approach business milestone being reached. These options were issued at a strike price of 27.5 cents with a 5 year expiry date. During the quarter, a further 660,000 options were issued to RentWorks Limited pursuant to the terms and conditions under the financing facility after the sale of the 26th approach to RentWorks Limited.

As at the date of this report there are 11,013,000 unlisted options on issue each with various strike prices and expiry dates of up to 5 years from date of issue.

The Company also has 12 million listed options on issue.

Fund raising activities – $4 million capital placement completed and Share Purchase Plan implemented.

Following the end of the March Quarter, Transol was successful in securing applications to raise $4,000,000 via a placement issue to sophisticated and institutional investors. The Company will issue 20 million ordinary shares at 20 cents per share.

The placement will see Utilico Investment Trust plc (Utilico), a UK-based institutional investor that specialises in infrastructure investment, join the Transol register. Utilico has agreed to take a 10 million share placement in Transol, and, on completion of the placement offer, would hold approximately 10.3% of the capital on issue.

The Company has also implemented a Share Purchase Plan (SPP) that will be offered exclusively and on favourable terms to shareholders.

Transol will use capital raised from both activities to continue expanding its operation across North America, to upgrade selected camera sites, and to provide funding for development upgrades to its red light and speed camera technologies.

Yours sincerely,

Andrew Metcalfe
Company Secretary

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

TRANSOL CORPORATION LIMITED

ABN

73 089 224 402

Quarter ended ("current quarter")

31 MARCH 2005

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from customers		2,575.0	6,198.5
1.2	Payments for	(a) staff costs	(700.7)	(1,971.0)
		(b) advertising and marketing	(12.6)	(142.0)
		(c) research and development	(91.0)	(159.5)
		(d) leased assets	(205.2)	(240.7)
		(e) other working capital	(1,674.7)	(4,693.4)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		5.0	26.4
1.5	Interest and other costs of finance paid		(4.3)	(8.6)
1.6	Income taxes paid		-	-
1.7	Other (Government funding)		41.0	42.6
	Net operating cash flows		**(67.5)**	**(947.7)**

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	**Net operating cash flows (carried forward)**	**(67.5)**	**(947.7)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	(0.1)	(0.1)
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(128.6)	(298.6)
	(e) other non-current assets	-	
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	1.9
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (cash acquired - refer to Section 5)	-	-
	Net investing cash flows	**(128.7)**	**(296.8)**
1.14	**Total operating and investing cash flows**	**(196.2)**	**(1,244.5)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	1,848.0
1.18	Repayment of borrowings	(15.1)	(1,876.4)
1.19	Dividends paid	-	-
1.20	Other (cost of capital raised)	-	
	Net financing cash flows	**(15.1)**	**(28.4)**
	Net increase (decrease) in cash held	**(211.3)**	**(1,272.9)**
1.21	Cash at beginning of quarter/year to date	1,567.9	2,656.2
1.22	Exchange rate adjustments to item 1.20	(4.2)	(30.9)
1.23	**Cash at end of quarter**	**1,352.4**	**1,352.4**

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	122.7
1.25	Aggregate amount of loans to the parties included in item 1.11	nil

1.26 Explanation necessary for an understanding of the transactions

1.24 = directors fees, salaries and superannuation for the quarter to 31 March 2005

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

During the quarter ended 31 March 2005, Transol USA, Inc., a wholly owned entity of the economic entity, acquired the entire issued stock of a newly incorporated entity, Transol Inc., a Company incorporated in Alberta, Canada for the sum of CAN$100.00 (see 5.1 to 5.5 below).

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities (sale & lease buyback)	15,000	5,700
3.2	Credit standby arrangements	none	none

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	1,255.0	1,516.5
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (security deposits)	97.4	51.4
	Total: cash at end of quarter (item 1.23)	**1,352.4**	**1,567.9**

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Transol Inc.	-
5.2	Place of incorporation or registration	Alberta, Canada	-
5.3	Consideration for acquisition or disposal	CAN$100.00	-
5.4	Total net tangible assets	CAN$Nil	-
5.5	Nature of business	Operation of outsourced traffic enforcement service programs	-

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 29 April 2005
(Company Secretary)

Print name: Andrew Metcalfe

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.