



Release to Australian Stock Exchange

Sale of Redflex Communications Systems

13 December 2006

The Directors of Redflex Holdings Limited are pleased to announce that they have signed an agreement for the sale to Allied Technologies Group Limited of Redflex Communications Systems Pty Ltd and its subsidiaries Redflex Communications Pty Ltd and Redflex Communications Systems Inc. based in the USA ("Communications Group").

Redflex has previously advised its intention to divest the Communications Group in line with its strategy of fully focusing on its flagship Traffic business, which enjoys the number one position in its market in the USA.

The divestment of the Communications Group comes after lengthy negotiations and the Board is very pleased with the outcome. Under the terms of the agreement the Communications Group has been sold for a nominal price of about \$8.2 million which is based on achievement of the Earnings Before Interest and Tax (EBIT) budget for the 2007 financial year. The price will be adjusted according to the actual performance of the Communications Group over the same period and is capped at a maximum of \$10 million. The book value of the Communications Group at 30 June 2006 was approximately \$8.8 million.

\$4 million has been paid on signing of the Sale and Purchase agreement, with the remaining amount payable in September 2007. Ownership and control of the business transfers immediately, with Redflex providing accommodation under a sub-lease and some ongoing support services until July 2007.

The growth opportunities for Redflex's Traffic business in the USA continue to be realised; already this financial year, this flagship operation has realised 21 new cities for new camera installation contracts. The sale of the Communications Group will allow greater focus on the expansion of that business market.

The sale is consistent with Redflex's growth plan and will provide additional general working capital that will contribute to the cost of new cameras and payment of a fully franked dividend to shareholders early next financial year.

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