

17 July 2015

City of Columbus, Ohio (U.S.)
Termination of Red Light Enforcement Contract

While the Company's current focus in the United States is to retain existing accounts across 23 U.S. States, create new income streams, drive new opportunities in Canada and Mexico and reduce our cost base, the U.S. generally remains a challenging regulatory environment for the effective operation of traffic law photo enforcement programs despite demonstrable evidence that traffic photo enforcement technology contributes significant driver safety benefits and helps to save lives on U.S. roads.

As previously announced on January 9, 2015, the Ohio State legislature passed Senate Bill 342 in December 2014. Under this law, there are several conditions for the use of traffic law photo-monitoring devices by local authorities to detect certain traffic law violations. Most significantly, the law requires a law enforcement officer to be physically present at the site of the traffic law photo monitoring device at all times during its operation for any violation detected by the device to be valid.

While several municipalities, including the City of Columbus, Ohio are challenging the constitutionality of this law, to date there has been no decision by the Court in Columbus to overturn this law. However, Courts in other Ohio municipalities have ruled this law unconstitutional.

Concurrently, the City of Columbus, has determined that having one or more law enforcement officers physically present at the site of each traffic law photo-monitoring device during operation, in order to comply with this law, is impractical and too costly.

Regrettably, but not unanticipated, the City of Columbus has notified the Company's U.S. subsidiary, Redflex Traffic Systems, Inc (**RTSI**), that they intend to exercise their right to terminate the red light enforcement contract with RTSI.

The Company has previously announced a \$2.3 million impairment of Ohio assets (which includes the City of Columbus) due to the effect of this law on RTSI's operations in that U.S. State. This was included in the financial results of the Company for the FY15 Half Year (31 December 2014).

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 the largest network 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.

Based in South Melbourne, Victoria, Australia, 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 25 years.

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

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