



Redflex Group
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19 August 2004

Mr Rick Iversen
Senior Companies Adviser
Australian Stock Exchange Limited
Level 3, 530 Collins Street
Melbourne, Vic 3000
Fax: 9614 0303

Dear Mr Iversen

Re: Price Query

In reply to the questions contained in your letter of the 18th we advise:

1. Redflex Holdings Limited (the "Company") is not aware of any information that has not been announced that could be an explanation for recent trading
2. not applicable
3. The Company has announced to the market that it expects the operating profit for the financial year ended 30 June 2004 to vary from the previous year by more than 15%. Directors advised in our 11 March 2004 announcement that they expect to report a profit for the year in excess of \$3 million.
4. No. The Company has no reason to think it may record any material abnormal or extraordinary profit or loss for the financial year ended 30 June 2004.
5. The Company has no explanation for the price change and increase in volume traded.
6. The Company is in compliance with the listing rules and in particular listing rule 3.1.

On an immaterial matter, but advised for completeness, the Company will shortly be lodging a JB in relation to the issue of 20,000 ordinary shares pursuant to the exercise of unlisted employee options (RDFAM). The exercise price of each option was \$2.9763.

Yours sincerely

Marilyn Stephens
Company Secretary

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ASX

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18 August 2004

Ms Marilyn Stephens
Company Secretary
Reflex Holdings Limited
31 Market St
SOUTH MELBOURNE

By email

Dear Ms Stephens

Reflex Holdings Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from \$3.00 on 13 August 2004 to \$2.47 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit or loss before abnormal items and income tax so that the figure for the financial year ended 30 June 2004 would vary from the previous year by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary profit or loss for the financial year ended 30 June 2004? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by return e-mail or to facsimile number 03 9614 0303. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. E.S.T.) on Thursday 19 August 2004.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable

to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Rick Iversen', with a long horizontal flourish extending to the right.

Rick Iversen
Senior Companies Adviser

Direct Line: 03 9617 8711