



REDFLEX
H O L D I N G S

Redflex Holdings Limited

ACN 069 306 216

31 Market Street, South Melbourne, Victoria, Australia 3205
Tel: +61 3 9674 1888 Fax: +61 3 9699 3566 www.redflex.com.au

Release to Australian Stock Exchange

Notification of Patent Infringement Claim

20 July 2004. The directors of Redflex Holdings Limited wish to advise shareholders that they have become aware of a patent infringement claim having been issued against Redflex Traffic Systems Inc., a wholly-owned subsidiary, by Nestor, Inc., a small USA based competitor.

Redflex has taken immediate independent external advice from its patent attorney in relation to the patent which it is alleged to have breached. Such advice is to the effect that such patent is not breached by the Redflex product. Accordingly it would appear that the claim of patent infringement is entirely without merit. Should the proceedings which have been issued be pursued they will be vigorously defended. Redflex intends to contact Nestor and explain fully why no patent infringement has occurred with a view to facilitating resolution and discontinuance of the matter.

Redflex will continue to conduct its business in its current manner and has not in any way changed its plans to continue the rollout of the Redflex proprietary and patented photo enforcement camera systems in the USA. On 15 July Redflex reported the installation of the 300th photo enforcement system in the USA, and profitable revenue growth of 40% in the second half when compared to the first half of the 2003/04 financial year. It expects its strong growth rate in EBITDA and Net Profit to continue.

Redflex Traffic Systems Inc. has contracts with 67 cities world-wide in ten countries and is the largest provider of digital red light photo enforcement services in North America, with contracts in 52 cities and towns across eleven states and led the market in installed systems, installation rate, and market share over the past 12 months.

For further information:

Graham Davie
Chief Executive Officer
Redflex Holdings Limited
graham.davie@redflex.com.au
(03) 9674 1888

Bruce Higgins
President and CEO
Redflex Traffic Systems Inc
bruceh@redflex.com;
0011 1 480 9987478