

# Release to Australian Securities Exchange

## 2010 First Half Results Expectations

**23 December 2009**

Following a review of the business, the directors advise that based on internal management accounts, the net profit before tax result for the first half of the 2010 financial year is expected to be lower than the result for the previous corresponding period. While the final result will not be available until late February the expectation for the first half is for net profit before tax to be approximately \$4 million.

Despite earlier expectations that the Arizona state-wide photo enforcement program would make a significant contribution to the year's result, further deterioration in the rate of infringement detections and the revenue entitlement through collections has resulted in reduced expectations, both for the first half and for the full year. Many initiatives are under way to deal with the issues encountered, and we expect gradual improvement as these initiatives gain traction in the months ahead.

In addition, a number of expense items and other issues will adversely affect the first half result. These include:

- The high costs of defending litigation in the USA;
- The costs of lobbying in various key legislative contexts;
- The cost of a targeted public safety awareness campaign in the state of Arizona to highlight the dangers of speeding and the contribution of Redflex in that environment;
- The litigation action taken by Redflex Holdings Limited against the arranger of the Interactive Telephony Partnership;
- Costs associated with the action which led to the changes to the board at the AGM;
- General issues with collections in the USA, and
- The impact of exchange rates.

A number of actions are being taken, the benefits of which should start to be seen in the performance of the company in the second half of FY2010. There will be a greater emphasis on building on our existing customer relationships and developing new revenue streams.

Redflex has maintained its number one position in the photo enforcement road safety industry globally despite the difficult environment. The business remains well positioned with a strong balance sheet and support from its bankers to grow from its current base.

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