

Update on Contract Renewal Status

28 May 2007

Redflex Traffic Systems Inc, a wholly owned subsidiary of Redflex Holdings Limited, is pleased to announce its successful renewal contracts with the cities of Fort Collins Colorado; Garden Grove California; Culver City California, and Chandler Arizona.

Fort Collins, Colorado, a long term Redflex customer, renewed its contract to operate both fixed and mobile systems for a term of up to four years.

Garden Grove, California, Redflex's first digital customer, renewed its contract for the 14 existing systems with a desire to add an additional 6 systems. The renewed contract is for a term of three years with the ability to extend for an additional two terms of one year each.

Culver City, California, recently renewed its contract for 20 systems, with the ability to add more, for a term of seven years with three one-year extensions thereafter.

Chandler, Arizona, was renewed with Redflex as the result of a competitive tender for up to 12 red light systems and increasing enforcement to now include speed. The renewal contract is for an initial term of three years with the ability to extend for an additional two terms of three years each.

In addition, through a competitive tender process, the City of Scottsdale Arizona has decided not to renew its contract for 10 fixed and 5 mobile photo enforcement systems. The City's decision not to renew was based solely on price.

Karen Finley, CEO of Redflex Traffic Systems, noted that "while it is always hard to lose a customer, Redflex continues to successfully retain a high percentage of contracts on renewal. In situations where the customer is looking for the best service delivery rather than price, Redflex wins hands down".

Some of the assets involved, including the five mobile systems, will be redeployed; however the non-renewal will result in an asset write-down effect of approximately \$390,000 after tax in the Group result for the 2006/07 financial year.

Redflex Traffic Systems Inc now has contracts with more than 130 USA cities, and is the largest provider of digital red light and speed enforcement services in North America. With photo speed programs in 9 states and photo red light programs across 18 states, Redflex has led the market in installed systems, installation rate and market share over the past 12 months.

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