



Release to Australian Securities Exchange

Inaugural Dividend

29 August 2007

Further to release of FY2007 Preliminary Final Results, the directors are pleased to confirm the declaration of an inaugural, fully franked dividend of 3.5 cents per share.

The Record Date for determining entitlements to the dividend will be 19 October 2007 and the dividend will be paid on 2 November 2007. To be entitled to a dividend, shareholders must have purchased shares before the ex dividend date of 15 October 2007.

Participants in the Company's Dividend Reinvestment Plan (DRP) which was announced on 27 February 2007, will be allocated, on the Payment Date, ordinary shares in Redflex at a price representing a 5% discount to the average market price of all Redflex shares sold on the ASX during the 5 trading days up to and including the Record Date.

Documents relevant to the DRP, including the invitation letter attached, will be sent to shareholders in the next few weeks.

For further information:

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Dear Shareholder

I am pleased to invite you to participate in **Redflex's Dividend Reinvestment Plan (DRP)**

The DRP provides shareholders with a registered address in Australia or New Zealand with the opportunity to invest their dividends in additional shares while retaining the benefits of dividend franking. DRP shares are issued free of brokerage, commission and other costs. As a Redflex shareholder, you can vary, terminate or rejoin the DRP whenever you wish. The DRP booklet, incorporating the DRP Rules, is enclosed, and it can also be viewed on our website at www.redflex.com.au.

The issue price of shares under the DRP in respect of the dividend to be paid on 2 November 2007 will be calculated at a 5% discount to the average market price of RDF shares sold on the ASX during the 5 trading days up to and including 19 October 2007 (Record Date).

If you choose to have all your shares under this holding participate in the DRP:

Complete the enclosed DRP Election Form.

If you choose partial participation in the DRP:

Complete the enclosed DRP Election Form, and
Complete the enclosed Direct Credit Form.

If you decide not to participate in the DRP now:

Complete the enclosed Direct Credit Form.

To enable participation in the DRP for the upcoming dividend, the DRP Election Form must be received by Redflex's share registry, Computershare Investor Services, no later than 5pm Melbourne time on 19 October 2007. A reply paid envelope is enclosed.

If you nominate only some of your shares for participation in the DRP or you choose not to participate at all now, then please complete the Direct Credit Form and return it in the reply paid envelope enclosed so that the cash component of your dividend can be credited directly to your Australian or United States dollar account. Please note that no cheques are issued.

Receive your communications electronically

We take this opportunity to remind shareholders that receiving dividend statements and other shareholder communications electronically helps reduce the impact on the environment and the costs for printing and mailing. We encourage you to not only complete the DRP Election Form, but also either complete the Electronic Shareholder Communications form or register at www.computershare.com.au/easyupdate/rdf.

Redflex recently released its results for the financial year ended 30 June 2007. You can obtain a copy of the results from our website at www.redflex.com.au.

We look forward to your continued support of Redflex.

Yours sincerely

A handwritten signature in black ink, appearing to read "Chris Cooper", with a horizontal line underneath.

Chris Cooper
Chairman