

Release to Australian Securities Exchange

Placement and Rights Issue

10 September 2009

Redflex Holdings Limited (ASX:RDF) announces that it is undertaking a capital raising of up to approximately \$32 million for the purposes of strengthening the company's balance sheet and supplementing existing banking arrangements, as well as allowing the company to respond to new opportunities as and when they arise. This is consistent with the strategy which the directors and management have been contemplating over recent months. The capital raising will comprise a private placement of approximately \$15 million (Placement) and a non-renounceable entitlement offer of up to approximately \$17 million (Rights Issue). No fees are payable in relation to the capital raising.

The Placement consists of agreements with two of the company's largest shareholders, Cheng Man Oy and Investaco Pty Ltd, to subscribe for 7.5 million ordinary shares in aggregate (2.15 million and 5.35 million respectively) at a price of \$2.04 per share. Settlement of the Placement is scheduled to occur on 18 September 2009.

The Rights Issue consists of a non-renounceable offer of 1 fully paid ordinary share for every 12 ordinary shares held as at 7:00pm on 23 September 2009 by eligible shareholders.

Attached to this ASX announcement is a letter to shareholders setting out details of the Rights Issue. A copy of the Appendix 3B in relation to the Rights Issue is also attached.

Redflex advises that:

- (a) the offer of fully paid ordinary shares to shareholders is being made without a prospectus pursuant to Part 6D.2 of the Corporations Act as notionally modified by CO 08/35;
- (b) this notice is being given pursuant to section 708AA(2)(f) of the Corporations Act;
- (c) as at the date of this notice, Redflex has complied with:
 - (i) its financial reporting and auditing obligations under Chapter 2M of the Corporations Act; and
 - (ii) its continuous disclosure obligations under section 674 of the Corporations Act;
- (d) as at the date of this notice, there is no excluded information which the Company has withheld from Listing Rule 3.1 disclosure under the confidentiality carve-out from disclosure; and
- (e) the Rights Issue, if fully subscribed, will not of itself result in any change to the control of the Company. However, the Directors reserve the right to place any shortfall at their discretion. As the rights issue is not underwritten, if the rights issue is not fully subscribed then the shareholding interest of non-participating shareholders will be diluted and the interest of participating shareholders will increase.

For further information:

Graham Davie
Chief Executive Officer
Redflex Holdings Limited
graham.davie@redflex.com.au
+61 3 9674 1715



Redflex Holdings Limited

ACN: 069 306 216

Level 1, 31 Market Street (PO Box 720)
South Melbourne, Victoria, Australia 3205
Tel: +61 3 9674 1715
Fax: +61 3 9699 3566
Web: www.redflex.com.au

10 September 2009

Dear Shareholder,

RIGHTS ISSUE

On behalf of the Board of Redflex Holdings Limited, I am pleased to inform you that Redflex intends to conduct a pro-rata non-renounceable offer to shareholders to subscribe for fully paid ordinary shares. This follows the announcement earlier today that Redflex has agreed to place 7.5 million shares at \$2.04 each to two of the company's largest shareholders, Cheng Man Oy and Investaco Pty Ltd.

The offer is for 1 share for every 12 existing shares held at an issue price of \$2.04 each. Acceptances close at 5.00pm on **14 October 2009**.

This offer is to shareholders with Australian and New Zealand addresses registered as at 7:00 pm on 23 September 2009. A personalised Entitlement and Acceptance Form will be sent to eligible shareholders in accordance with the following timetable:

| | |
|--|-------------------|
| Shares Trade on an Ex Rights Basis | 17 September 2009 |
| Record Date | 23 September 2009 |
| Entitlement and Acceptance Form sent to shareholders | 28 September 2009 |
| Closing Date of Issue | 14 October 2009 |
| Issue of shares | 20 October 2009 |
| Despatch date of holding statements | 22 October 2009 |

The above dates are indicative only and are subject to change.

This entitlement of shareholders to subscribe for shares at \$2.04 per share provides value to shareholders to the extent to which the share price exceeds \$2.04 per share. The share price closed at \$2.40 per share on 9 September 2009, and hence represents a 15% discount to the current market price. Each shareholder therefore will need to determine whether or not to accept the offer to acquire shares at \$2.04 per share. If you take no action you will have foregone any value that this entitlement may provide to you.

Details of the offer will be contained in the personalised Entitlement and Acceptance Form to be sent to eligible shareholders. Shareholders with registered addresses outside Australia and New Zealand will receive in due course a separate communication in relation to their position.

For personal use only

If fully subscribed, the issue will raise approximately \$17 million. No fees are payable in relation to the issue. The issue is not underwritten and in the event that the issue is not fully subscribed the board reserves the right to allocate unsubscribed shares at its discretion. Redflex intends to use the funds raised together with the placement funds (a maximum of approximately \$32 million) for strengthening the company's balance sheet and supplementing existing banking arrangements, as well as allowing the company to respond to new opportunities as and when they arise. This is consistent with the strategy which the directors and management have been contemplating over recent months.

If you have any queries please contact our share registry Computershare Investor Services Pty Limited on 1300 132 692.

On behalf of the Directors, I thank you for your past support and look forward to your participation in the Rights Issue and the future of your company.

Yours sincerely

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

Christopher Cooper
Chairman

For personal use only

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Redflex Holdings Limited

ABN

96 069 306 216

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Ordinary shares for Rights Issue. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 8,297,768 fully paid ordinary shares pursuant to the Rights Issue (on the basis of a 1:12 offer following the 7.5 million share placement). |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares . |

For personal use only

4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Yes.

5 Issue price or consideration

\$2.04 per fully paid ordinary share.

6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

Strengthen the company's balance sheet and supplement existing banking arrangements, as well as allow the company to respond to new opportunities as and when they arise.

7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates

22 October 2009.

| | Number | ⁺ Class |
|---|------------------------------------|-----------------------------|
| 8 Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable) | 99,573,214 (Post-Placement) | Fully paid ordinary shares. |
| | 107,870,982 (Post-Rights Issue) | Fully paid ordinary shares. |

| | Number | ⁺ Class |
|---|-----------|---|
| 9 Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable) | 1,962,012 | Performance Rights Performance period 3 years to 1 October 2009 (684,677) Performance period 3 years to 1 October 2010 (501,524) Performance period 3 years to 1 October 2011 (775,811) |

⁺ See chapter 19 for defined terms.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) As for all issued shares.

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required? No.

12 Is the issue renounceable or non-renounceable? Non-renounceable.

13 Ratio in which the +securities will be offered 1 fully paid ordinary share for every 12 fully paid ordinary shares held as at the Record Date.

14 +Class of +securities to which the offer relates Ordinary shares.

15 +Record date to determine entitlements 7:00pm on 23 September 2009.

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? No.

17 Policy for deciding entitlements in relation to fractions Where fractions arise in the calculation of shareholders' entitlements under the Rights Issue, they will be rounded up to the next whole number of new shares.

18 Names of countries in which the entity has +security holders who will not be sent new issue documents
All countries except Australia and New Zealand.
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations 5.00pm on 14 October 2009.

20 Names of any underwriters Nil.

21 Amount of any underwriting fee or commission Nil.

For personal use only

| | | |
|----|---|--|
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | Nil. |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders | Nil. |
| 25 | If the issue is contingent on ⁺ security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 28 September 2009. No prospectus required. |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | ⁺ Despatch date | 22 October 2009 |

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

For personal use only

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

| |
|--|
| |
|--|

39 Class of +securities for which quotation is sought

| |
|--|
| |
|--|

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

| |
|--|
| |
|--|

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

| |
|--|
| |
|--|

| | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38) | | |

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

+ See chapter 19 for defined terms.

For personal use only