

ASX ANNOUNCEMENT

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Company Announcements Office
Australian Stock Exchange



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The following is issued by the Company for release to the market.

ADACEL ANNOUNCES ON-MARKET SHARE BUY-BACK

Adacel Technologies Limited today announced that it intends to conduct an on-market share buy-back during the balance of this calendar year.

The maximum number of shares which the Company proposes to acquire under the on-market buy-back is 8,752,850 shares, being 10% of the lowest number of ordinary shares on issue during the previous 12 months. Accordingly, the on-market buy-back will not require shareholder approval.

Under the Corporations Act, the earliest date that the Company will be permitted to buy-back any shares on-market is Thursday 30 August 2007, being 14 days from the date of this announcement.

The Company expects to lodge with ASX its audited financial statements and Appendix 4E (preliminary final report) for the year ended 30 June 2007 on Monday 27 or Tuesday 28 August 2007. Accordingly, those documents will be publicly available before the Company is permitted to buy-back any shares on-market.

The Company's balance sheet further strengthened during the 2007 financial year, with an increase in cash reserves to more than \$10 million at 30 June 2007. The Company continues to win new business and has recently been awarded contracts totalling around \$2 million for its Voice Activated Cockpit technology. Details of these will be announced in due course.

The buy-back accords with Adacel's long term capital management program. The objectives of the on-market share buy-back are to increase earnings per share and Adacel's return on equity. The buy-back program will also result in the return of excess capital to shareholders in an efficient manner. The Company proposes to fund the share buy-back from cash reserves.

The Board of Adacel does not currently expect that Adacel will pay a dividend in respect of the current financial year. Accordingly, the proposed on-market buy-back is unlikely to impact the amount of dividends that might otherwise be paid to Adacel shareholders.

Adacel has discussed the proposed on-market buy-back with each of its 3 substantial holders, namely, Thorney Holdings Pty Ltd, Silvio Salom and David Wallace Smith. Each of those shareholders has indicated to the Company that it is not their present intention to sell any shares through ASX this calendar year. Accordingly, each of them does not currently intend to participate in the on-market share buy-back.

Assuming that the Company acquires all of the 8,752,850 shares and that none of the substantial holders sells any shares through the buy-back, the impact of the buy-back on their percentage shareholdings in Adacel is summarised in the following table:

Name of holder	Before the buy-back	After the buy-back
Thorney Holdings Pty Ltd	37.29%	41.42%
Silvio Salom	16.52%	18.35%
David Wallace Smith	11.48%	12.74%
Total	65.27%	72.51%

Adacel Technologies Limited

Mike Woodgate
Company Secretary