ASX ANNOUNCEMENT

19 December 2007

Company Announcements Office
Australian Stock Exchange

The following announcement is issued by the company for release to the market.

ADACEL EXTENDS ON-MARKET SHARE BUY BACK

Adacel Technologies Limited today announced that it is extending the period of an on-market share buy-back to 30 June 2008.

On 16 August 2007 Adacel announced that it intended to conduct an on-market buy-back to acquire a maximum of 8,752,850 shares. The buyback was due to cease on 31 December 2007. As disclosed in the last Daily Share Buy-Back Notice lodged by Adacel with ASX, Adacel has bought back 2,931,101 shares, representing 3.34% of the total number of its voting shares at the start of the buy-back. As the buy back of shares is not complete Adacel has decided to extend the period of the buy-back for a further 6 months.

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 programme will also result in the return of excess capital to shareholders in an efficient manner. The company proposes to fund the buy-back from cash reserves.

As the buy-back is for a maximum number of shares which is 10% of the lowest number of ordinary shares on issue during the previous 12 months, shareholder approval is not required.

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 Adacel that it is not their present intention to sell any shares through ASX during the period ending on 30 June 2008. Accordingly, each of them does not currently intend to participate in the on-market share buy-back.
Assuming that Adacel 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:

<table>
<thead>
<tr>
<th>Name of holder</th>
<th>At the date of this announcement</th>
<th>After the buy-back</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thorney Holdings Pty Ltd</td>
<td>38.46%</td>
<td>41.29%</td>
</tr>
<tr>
<td>Silvio Salom</td>
<td>17.04%</td>
<td>18.29%</td>
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<tr>
<td>David Wallace Smith</td>
<td>11.83%</td>
<td>12.70%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67.33%</strong></td>
<td><strong>72.28%</strong></td>
</tr>
</tbody>
</table>

**Adacel Technologies Limited**

Mike Woodgate

*Company Secretary*