

Chairman's Address to Shareholders

23 November 2018, Melbourne:

I was pleased to report an improved result for the 2018 financial year. The result reflected an improvement in the underlying performance of our business as well as the benefit of the debt restructure carried out during the year.

The past three years have been years of transition for the Company. The Company is now less reliant on its traditional business of traffic signal and road sign manufacture and is now beginning to realise the benefits of the research and development program focussed on advancing us from a purely product based business to a product, services and now platform based business.

As a result of these efforts the Company has become a leading supplier of an integrated range of state-of-the-art products and services covering traffic management, road and street lighting, Intelligent Transport Systems, signage and maintenance services. These products and services aim to be at the leading edge of "Smart Cities" technology, assisting with traffic management in our increasingly congested cities.

I am pleased to report that these products and services are now delivered to an expanding range of customers including road authorities, local councils and energy companies in Australia and a growing number of export markets.

The objective of this transition program has been to develop a more robust business with a leading range of products and services that could be supplied individually or as a package to road authorities or local councils seeking an integrated solution. To this end the Company is currently completing the first major roll-out of its proprietary software "Smart City" platform "TST", which connects street lights and other traffic management equipment on the road to a central control and management system. This platform has wider applications for the future, including detection of traffic flows, waste management, parking availability and monitoring of government infrastructure.

We are at a very early stage of the roll-out of LED street lights in Australia, with their attendant savings in power and maintenance costs. Only around 15% of street lights have so far been converted to LED technology and we see this as a significant opportunity for the Company in the years ahead.

Likewise, we are only at the start of the transition to "Smart Cities" technology and we see this as a significant opportunity for the Company, following the initial deployment of 8,500 "smart" street lights in Victoria which are networked to a central control system. Our technology employs sensors in each street light which have a number of different functions as well as controlling the street lights themselves.

The Company has also been working towards addressing the level of debt. The debt restructure achieved in April 2018 reduced debt to more manageable levels and provided a balance sheet funding structure more appropriate for a business our size.

While we continue to generate a major portion of our revenue from supply of products, the Group's business model now has an increased focus on revenue streams from "Smart City" platforms and software, IoT sensors along with LED street and road lighting and is less reliant on revenue from the traditional activities of manufacture and supply of traffic signals.



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I would like to take this opportunity to thank shareholders for their support of the Company, particularly through the rights issue. Our Board and management are committed to the ongoing improvement of shareholder value and believe that the Company is in a stronger position to take advantage of the opportunities ahead in the "Smart Cities" area with increasing focus on the use of technology to manage traffic flows and associated services.

As I have done in previous years, I would like to pay tribute to Mr. Con Liosatos and the management team. Con and his team continue to work tirelessly on behalf of all shareholders. As I have noted previously they have deep experience with the Company and the Board believes they are the best credentialed and most skilled people to continue to lead this Company forward.

Finally, along with my fellow directors, I would like to thank you once again for your patience and continued support. We have a stronger more secure business now than last year. We have technology and products that are leaders in their markets, we are securing contracts with a range of quality customers here and overseas, many of which involve recurring revenue streams. Many of the markets we are addressing are only now developing such as Smart Cities or have significant growth such as LED street lights. We look forward to the year ahead.

I would now like to introduce Con who will provide an overview of the Company's operations and address in some more detail its future prospects.