2016 Annual General Meeting
Wednesday, 23 November 2016
CHIEF EXECTUIVE OFFICER'S ADDRESS – Mr Robert Broomfield

Thank you, Terry,

Whilst delivering strong revenues in the first half of FY16, our second half result was disappointing, however we are starting to see some renewed momentum in Oil & Gas related projects - as demonstrated by recent Middle East contract announcements – which is pleasing.

For the financial year ended 30 June 2016, FFT reported revenue from operating activities of $14.4 million. EBITDA for the year was a loss of $5.6 million. Net Loss After Tax was $5.8 million.

In-line with the Company's growth strategy, these results included costs associated with our investment in global sales and new product development. In addition, one-off costs were incurred during FY2016 including increased debtor provisioning of $2.5 million.

FFT's balance sheet remains strong with a cash balance of $10.39 million as at 30 September 2016, and no external debt or borrowings.

Cash receipts for FY16 strengthened to $15.4 million – up $3.1 million from FY15.
Despite the challenges of the past year, we have made good progress with our key strategic initiatives.

The company has a clear strategy for our future growth, with planned investments across three horizons. We already have current or planned activity in all the horizons, but let me update on the achievements of FY16 and progress being made in FY17.

During FY16, we progressed the development of our global sales and support team, with additional resources appointed in key markets, including Vietnam and Singapore. We also opened a sales office in Brazil.

Recently received our first sales in Vietnam.

In June, we appointed Mark Horton as our Global Sales and Marketing Director. Mark brings significant international security business development and sales experience to the Company - enhancing our current global sales group and supporting further high quality recruitment.

Through the geographic expansion of our sales team, we will continue to broaden our customer base, deliver a broader sale funnel of opportunities, and mitigate dependence on large single projects. Our expanded team will also focus on driving the conversion of existing opportunities to revenue.
Our opportunity pipeline continued to grow during FY16, with total opportunities identified increasing to A$255 million over the next three years. While the delay of large oil and gas projects

impacted our conversion rate in the second half, we expect that a more stable oil price will result in the commencement of a number of these delayed projects.

Since June 30 we have received a number of contracts from the Oil and Gas economies, including a perimeter and data network security order for a Power Plant valued at $1.4M. The total value of recently announced contracts is $2.36M.

Building on the FY16 investment in our global sales and support network mentioned earlier, we have also recently added a sales resource in Poland with focus on the Eastern European market, and are now advanced in recruiting sales resources for South Africa.

Our Distribution program continued to gain momentum, with initial orders received from our partnership agreement with Anixter International.

In line with FFT's Go to Market strategy, our Distribution Program is focused on accessing the large Installer and Commercial and Residential perimeter market using our Secure Point platform, and we will be further expanding this program in FY17.

In addition to an expected increase in revenue, we anticipate that these partnerships will assist in smoothing the seasonality of FFT's sales cycle going forward.

Building on our unique offering for network physical security, our technology has also been shortlisted for a large international military network security program. FFT has been named the preferred solution under this tender process.

We are also seeing the application of our network solutions in the utilities market, with the recent announcement of our network products being used to protect the critical communication network of a large power plant in the Middle East.

Building on our investment in our IP and Patent portfolio in FY16, we are enhancing and expanding the capabilities of our products to consolidate FFT's perimeter markets competitive advantage. This includes developing a new class of covert buried sensors to enhance intruder detection sensitivity, and making significant advances in developing artificial intelligence (Ai) capabilities in our technology.

FFT now has a significant competitive advantage in covert buried solutions, with intruders now unable to see or electronically detect the presence of our buried fibre optic sensors.

FFT has worked in collaboration with a leading research institute to develop sensors that perform across a wide range of soil types and dynamic environmental conditions. Our latest covert buried sensors have consistently outperformed competitors in customer trials conducted in the US and UK. The core technology for these sensors is now the subject of an active patent application.

The science of machine learning and artificial intelligence has expanded rapidly in recent years, enabling sensing systems to automatically monitor and adapt to changes in operating conditions. FFT has created a team, including external experts in artificial intelligence to bring this science to intrusion detection.

Our challenge is to maintain a high sensitivity to intrusion events, as the environment and other operating conditions change - from night to day, from day to day and from year to year.

As we enhance our ability to detect ever more skilful intruders, we also need to identify and ignore nuisance sources. With systems now operating in 58 countries across some of the world's most extreme environments, FFT has accumulated a significant amount of field data over the years to feed into our machine learning and software algorithm development.

Nuisance alarms are the number one issue for customers using the latest generation of highly sensitive sensors and can be triggered by anything from weather to animals and even small insects impacting the sensor or fence.

Artificial intelligence enables FFT systems to automatically adapt to environmental changes and recognise patterns that distinguish intruders from background noise with higher fidelity.

Incorporating the latest advances in artificial intelligence algorithms into our systems strengthens FFT's competitive advantage and consolidates our position as a world leader in perimeter intrusion detection. creating a new range of market opportunities that we believe will deliver significant revenue growth in the future.

I am pleased to confirm we have number of active programs that support the broader objectives to Grow and Lead outlined in FFT's growth horizons, such as active proof of concept programs with leading companies focussed on traffic and mining infrastructure.

So to conclude, FFT is making great progress in implementing the company's Growth Strategy and I look forward to making further announcements on our progress through FY17.

Thank you. I would now like to hand the meeting back to the Chairman.