

## Chairman's Address to Shareholders

**24 November 2015, Melbourne:**

Good morning my name is Alan Brown. I am Chairman of Traffic Technologies and Chair of today's Annual General Meeting. I am pleased to welcome you to today's AGM and thank you for your attendance and continued support of the Company.

Before I comment on the Group's results for 2015, I would like to note that shareholders would have recently received correspondence from the Company and Warneet about the resolutions that will be put before shareholders at today's meeting. As outlined in the Company's response to Warneet's letter, the Board strongly disagrees with Warneet's proposals and rejects their criticisms.

I am pleased to report an improved result for the 2015 financial year. The Group reported a net profit after tax of \$420,000 for the financial year ended 30 June 2015, which represented a significant turnaround on the net loss for the previous financial year.

The Group has developed a number of exciting growth initiatives which are expected to benefit earnings in the years ahead. Of most significance is the potential opportunity in the LED road lighting market in Australia. We have developed a range of LED road lights and see this as a large potential opportunity for the Group.

The Group has already achieved its first sales of V category LED road lights in Victoria, where we have first mover advantage. In South Australia, the Board believes that the Company is well placed to win a significant share of the LED road lighting market with the Group's expertise in LED technology and experience in dealing with State road authorities and local councils.

The Group has also developed a number of new products in the Intelligent Transport Systems (ITS) area, including school speed zone signs, variable message signs and other forms of electronic signage which also represent a potential growth opportunity for the future.

The Group has been developing new overseas markets, following the acquisition of Quick Turn Circuits in late 2013. QTC has achieved sales in a number of overseas markets, including China, Singapore, New Zealand and Saudi Arabia. We are continuing to supply products into the UK market, including pedestrian countdown timers, traffic signals and emergency telephones to a number of transport authorities, including Transport for London.

A key priority for the Board is the need to improve shareholder returns. The Company's share price has remained disappointingly low for too long. One factor which the Board believes is holding back the Company's share price is the high level of debt and resultant finance costs. The Board and management continue to explore ways to reduce debt. In the meantime, management has initiated a further round of cost reductions in order to improve profitability.

The Group is currently experiencing a relatively slow start to the 2016 financial year, with soft trading conditions in the Australian economy and continued government expenditure restraints and project delays. Unfortunately, this is likely to result in a weaker trading result for the first half.

Following last year's AGM, we have made a number of changes to our corporate governance policies and I stood down as Chair of all Board committees. We have also addressed shareholders' concerns regarding remuneration. Following the vote at last year's AGM, we initiated a comprehensive review of director and executive remuneration and engaged a firm of external remuneration consultants to advise on this. The resultant changes are explained in detail in the remuneration report which forms part of the Annual Report. These significant changes were made to directly address shareholders concerns raised at last year's AGM.

At this point, I would like to take this opportunity to pay tribute to Mr. Con Liosatos and the management team. Con and his team have continued to work tirelessly on behalf of all shareholders. They have deep experience with the Company and the Board believes are the best credentialed and most skilled people to continue to lead this Company forward.

As I have previously advised shareholders, I will be stepping down as Chair of the Company from the close of today's AGM. We are delighted to recommend that shareholders approve the appointment of Mr. Garry Lowrey to the Board. It is the Board's intention that Mr. Lowrey take over as Chairman from the conclusion of this meeting.

Mr. Lowrey has over 30 years of experience in a variety of advisory and management roles for both private and public companies. Mr. Lowrey was a Managing Director of Wilson HTM Investment Group, which is an ASX listed wealth management and business investment group. He was also a Managing Director of Barrepoint Advisory, a boutique advisory business servicing private and ASX listed small and mid-market companies. Most recently, Mr. Lowrey served as an Executive Director of Shaw and Partners Limited. Mr. Lowrey is currently Chairman of Oak Tree Group Limited, a company which develops and operates retirement villages along the east coast of Australia.

This is the last meeting of the Company which I shall chair. It has been a privilege to serve as Chairman of the Company for the past five years.

Finally, along with my fellow directors, I would like to thank you once again for your patience and continued support. The Board looks forward to improving shareholder value in the years ahead, particularly through the growth initiatives I have mentioned.

I would now like to introduce Con who will provide an overview of the Company and our future prospects.