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ASX & Media Release

Adacel Technologies Limited

(ASX: ADA)

Melbourne, Friday 15 November 2013

2013 Annual General Meeting

Chairman's Address

The Board and management of Adacel Technologies Limited (**Adacel** or the **Company**) acknowledge that after strong profitability in 2012, the Company achieved a modest profit result in 2013.

The focus of the Board and management over recent time has been on the following key issues:

- Disciplined program management, execution and timely delivery on milestones for all customers;
- Identification of strategic relationships across our markets;
- Targeted development of our core technologies in aligned markets;
- Tight cost control; and
- Focused cash management and balance sheet strength.

Whilst the Company's air traffic management and simulation businesses again delivered broadly on their expectations, success in international markets for our products proved challenging. The financial performance was also influenced by key orders arriving late in the period, and whilst providing for a strong backlog for the 2014 financial year, there was a minimal contribution to earnings in 2013.

Before handing over to our CEO, Seth Brown, I would like to make a few comments regarding highlights for the period as well as provide some insight into some exciting initiatives the Company is pursuing in the 2014 financial year.

In the 2013 financial year:

- The Company paid an inaugural dividend of 1.5 cents to shareholders in March 2013. The Company will continue to pay further dividends to shareholders when it is considered appropriate and efficient to do so having regard to operating performance and balance sheet capacity.

About Adacel

Adacel Technologies Limited is a leading developer of advanced simulation and control systems for the civil aviation and defence sectors. Since its establishment in 1987, Adacel has built an international reputation for its products and services through a commitment to technological leadership and customer support. From advanced simulation to air traffic management and voice recognition systems, training and professional services, Adacel's products can be found in more than 30 countries. Adacel is listed on the ASX and further information on the Company can be found on its website at www.adacel.com.

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- The Company purchased the Aurora intellectual property in October 2012 from CAE Inc. The Aurora software is the technology centerpiece of the Company's ATM product. In owning this intellectual property outright, any future royalties payable are removed.
- The Aurora software is the core software used in the Federal Aviation Administration's ATOP program. As recently announced, the FAA renewed this program, delivered and managed in conjunction with the Lockheed Martin Corporation, for a further eight years until 2021.
- The Company achieved extensions, albeit received late in the period, with both the FAA and United States Air Force on air traffic control simulation tower programs, ensuring that support services and upgrades will continue.

I said earlier that your Company has some exciting opportunities ahead, and I would now like to mention a few of them:

- The Company was excited to secure, in a competitive tender process, a contract to deliver up to 75 air traffic control simulation towers to the US Army, a five year program which requires hardware and software support as well as training services. This award confirms the Company as being at the forefront for the delivery of air traffic control simulation systems in both the US civil and military space.
- The Company established a teaming arrangement with the Lockheed Martin Corporation in relation to offering 'oneSKY', the jointly-developed, next generation air traffic management system. The Company has been working closely with Lockheed Martin and a bid has been lodged with the Australian aviation authorities in relation to the procurement of a new air traffic management system for both civil and military aviation air space.
- The Company continues to assess other opportunities in the Asia-Pacific region. As the volume of air travel increases in this region, ageing air traffic management systems and the capabilities thereof, become challenged. The Company is enthusiastic about the opportunities which exist throughout the region. One such example is the Company's role in bidding for the procurement of a new air traffic management system in Papua New Guinea as a prime contractor.

The Company continues to work closely with all its key customers and partners, both civil and military, and is proud of the long-standing relationships which exist.

The Board remains confident that opportunities and demand for the Company's key products and capabilities will continue to be available and that the prospects are good. The focus of the Company in the 2014 financial year will be on delivering on its profit and cash flow targets.

I would like to thank shareholders for their patience and continued confidence in the Company, and thank my fellow board members and all of the Company's management, staff and contractors for their efforts.

-Ends