



**FUTURE FIBRE
TECHNOLOGIES**

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01 November 2017

ASX ANNOUNCEMENT – ANNUAL GENERAL MEETING PRESENTATIONS

In accordance with the ASX Listing Rules, the Chairman and CEO addresses to the Annual General Meeting are appended along with the accompanying presentation.

Kim Clark
Company Secretary

Chairman's Speech

The world is witnessing a significant increase in the number of perimeter intrusions – whether it's illegal access, terrorist assaults, infrastructure alterations or theft. As the number of intrusions increase, and organisations become more threat aware, demand for solutions to safeguard the perimeter from unauthorised access grows.

More than ever before, government and military facilities, commercial and industrial sites, and critical infrastructure are adopting such precautions to ensure absolute protection of their physical and intellectual assets.

Governments around the globe are also reacting to the rise in intrusions with agencies imposing rules and regulations to assess risk and take precautionary actions to secure critical infrastructure perimeters and transportation facilities, including airports and seaports.

As government recommendations are implemented, organisations are compelled to critically assess the effectiveness of their existing perimeter security systems.

This is the market in which FFT operates.

A market where security is top of mind, as governments and the private sector struggle to prioritise where investment in securing borders, critical infrastructure and confidential data should be focused.

To proactively navigate these dynamics, FFT's strategy focusses on a range of market segments that we believe offer the greatest need, and opportunity, to sell our products and services.

FFT's go-to-market approach reflects this, as we leverage our established sales and support base to pursue opportunities and extend our reach in specific verticals and regions through a growing distribution partner network.

While sales revenues for the first half of FY2017 were ahead of market guidance, delayed project starts, together with slower than expected increase in investment in key market sectors, contributed to lower sales in the second half.

In FY2017, FFT delivered revenues of \$12.9 million – a 10% decrease on the previous corresponding period.

EBITDA was a loss of \$7.5 million, with NPAT a loss of \$7.8 million.

Operating expenses of \$14.6 million included:

- Targeted sales headcount changes to address market presence
- Continued research and development spending on new product development, and
- Impairment of receivables primarily due to the cancellation of prior years' sales agreements.

The Company's financial position remains strong with a cash balance of \$5.5 million as at 30 September 2017, with no external debt or borrowings.

With financial results not delivering the returns expected from our prior investment in sales staff, new channels and improved solutions, FFT took steps to bring fixed overheads in line with the Company's current growth trajectory.

FFT's sales and support team was also further aligned to match with key market verticals by geography – positioning FFT to take advantage of key security trends on a regional basis, while leveraging industry expertise business-wide.

This global coverage supports the sales growth of FFT's current fibre optic security solutions and delivers the capability to serve future product extensions in security and other adjacent applications.

With growing security investment offering a strong pipeline of potential sales opportunities, a more focussed sales team and lower cost base – coupled with slowed R&D investment with the release of Aura Ai - FFT expects to be cash flow and EBITDA positive in FY2018, and remains well positioned to pursue market opportunities to achieve future growth.

During the year ended 30 June 2017, FFT continued to invest in the design, development and production of next generation technology that the Company believes will create a significant competitive advantage and deliver future benefits.

This investment culminated in the launch of Aura Ai in the third quarter.

Aura Ai was designed to capture over 10 years of prior learning and significant advances made in optic fibre sensing and signal processing technology to

deliver intrusion detection performance levels previously not available in the market.

FFT has received widespread interest in Aura Ai's intrusion detection capabilities from both existing and potential customers, as well as enquiries regarding adjacent market applications – namely mining services and utilities applications.

This interest has translated into orders valued at more than \$2.3 million.

Aura Ai is also currently quoted for more than 26 separate security projects valued at over \$20 million, with another 36 projects in early business (or sales) development stages with an estimated value of \$36 million.

CEO's Speech

With lower than expected revenues in the second half of the 2017 financial year, FFT made some operational adjustments Q4 - including a realignment of the sales team. I am pleased to report today that we are starting to see the benefits of these changes.

During FY2017, FFT continued to pursue growth opportunities in its core markets of perimeter, pipeline and network intrusion detection – supported by a restructured global sales team better aligned to FFT's customers and key market verticals by region.

With new sales resources appointed in Eastern Europe and MENA, FFT has successfully targeted security opportunities within the transportation sector - demonstrated by multiple seaport and airport wins.

To build on previous military interest in FFT's network security solutions and expand into the commercial and utility markets, the Company appointed a dedicated global network security solutions business development executive.

As a result, FFT secured a joint perimeter and network security contract for a large nuclear power plant project. FFT's intrusion detection solution also remains specified for a major international military network program.

With recent orders indicating a general increase in investment across the transport and utility sectors, FFT is also experiencing renewed interest from the oil & gas sector - primarily from operators in the Middle East and India.

FFT is well placed to respond to market demand for infrastructure investment in security for pumping stations, refineries, pipelines, solar plants and substations.

This demand extends to military and government related applications – including Border Security. In August, FFT announced an initial order for a covert buried detection solution on a country border in Asia and has engaged in additional tunnelling detection trials for the same customer. Border security 'proof of concept testing' at sites in Northern Hemisphere are expected to result in further customer orders during FY2018.

In FY2017, FFT received a growing number of upgrade orders from long-term

FFT customers looking to benefit from the Company's latest generation technology.

With a large install base globally, customers successfully running FFT solutions for several years are now reviewing and upgrading their security strategies. In FY2018, we will continue to promote the benefits of hardware/software upgrades to FFT's existing customer base.

Pleasingly, sales momentum from late FY2017 has continued into FY2018.

Of the \$8.5 million in contracts secured for FY2018 to date, \$4.3m was invoiced in the first quarter, an increase of 87% on 1Q FY2017.

With primary Aura Ai investment complete, FFT's revenue growth, improved gross margins and reduced operating costs delivered an unaudited net profit of \$0.6 million for the quarter – the second consecutive quarter operating cash flow positive.

As Terry mentioned, FFT finished the quarter with \$5.5m cash at bank after the Company's the \$1.8m investment for a 13% strategic stake in MaxSec Group Limited (ASX: MSP).

By leveraging the competitive advantage of Aura Ai and FFT's broader family of fibre optic intrusion detection solutions, we continue to progress the Company's strategic growth initiatives.

As well as stronger revenues from the Perimeter Intrusion Detection market, FFT's Distribution and Adjacent Markets strategy has contributed to the recent sales revenue, with Network Security contracts also forming part of the Q2 FY2018 backlog.

While consolidating FFT's progress on these fronts, we are also focussed on advancing initiatives for the current financial year and FY2019 including:

- Growing recurring revenue as a % of total revenues
- Expanding sales from new applications, and
- Increasing FFT's competitive advantage in Distribution, Network Security and Pipeline markets with Ai technology.

We are also focussed on broadening FFT's range of security solutions with the acquisition of complementary technologies and services to support and drive

future growth.

To outline our progress in this area, Terry will shortly discuss FFT's recent strategic investment in MaxSec Group Limited and the proposed merger between the two companies.

In terms of Outlook, FFT is on track for profitable growth, building on the capabilities developed over the last financial year. Today we have:

- A substantial and well qualified pipeline of sales opportunities
- Widespread interest in the new Aura Ai platform for intrusion detection and adjacent markets, complemented by the widest range of fibre optic intrusion solutions available,
- Multiple 'Proof of Concept' trials successfully completed or underway,
- All major verticals and key geographies supported by a well-focussed sales team,
- A growing and maturing Distribution Program and potential revenues from adjacent markets.

I would like to thank the FFT Team for their contribution and ongoing commitment to the success of the business.

Chairman – Merger Presentation

On 24 August 2017, FFT announced that it had acquired 61,500,000 shares (or 13% of the issued capital) in ASX listed company MaxSec Group Limited (MaxSec) at an offer price of \$0.03 per share.

The investment was driven by a desire to leverage the clear market synergies between the Company's own perimeter security technology and MaxSec's access control and secure logistics offering.

The investment was also consistent with our strategy to broaden FFT's range of security solutions to drive future growth (as Rob has just mentioned). To this end, FFT subsequently announced its intention to make a takeover offer for MaxSec by way of an off- market bid. An all scrip offer of one (1) FFT share for every four (4) MaxSec shares.

MaxSec's Independent Directors have recommended that shareholders accept the Offer in the absence of a superior proposal.

The Offer is subject to conditions as outlined in the Bidder's and Target Statements.

MaxSec, through its divisions BQT Solutions and Ava Global, is a leading designer, developer, and global provider of integrated security and turnkey solutions and a global provider of secure logistics and storage services.

BQT has an experienced research and development team, a strong portfolio of proprietary products and, where relevant, sources products through partnerships with leading manufacturers to meet the supply requirements of its customers. The product portfolio of BQT consists of quality, reliable and secure smart card based access control, biometric solutions, and electromechanical locking devices, which are installed in thousands of locations globally.

Ava provides secure international logistics of high value cargo on a fully insured door to door basis. Ava offers a truly global service capability, delivered from its own, strategically located offices (New York, London, Frankfurt, Dubai, and Singapore) with support from a network of strategic partners. In addition, Ava provides secure custodial storage facilities for precious metals traded on the market. Ava also has a dedicated risk management team to provide consultancy services including feasibility studies to support supply chain management. A range of industries use Ava's

solutions, including mining, refineries, financial institutions, bullion traders, government and central banks.

We believe combining these leading security businesses offers both FFT and MaxSec shareholders an exciting opportunity to participate in the growth of a business with expanded sales capabilities, a broad and complementary range of security products and services, and the ability to deliver a range of uniquely integrated security solutions to the market.

The merger will also deliver shared market opportunities and access to a larger security market through a joint go-to-market approach.

This is in addition to the many operating synergies that can further enhance future earnings growth of the combined businesses.

We also consider the merger to have a low integration risk due to FFT's solid understanding of MaxSec's business operations and go to market strategy. This is in part due to FFT CEO Rob Broomfield's role as a MaxSec Director and Chris Fergus' appointment to the FFT Board.

At this point I would like to note that from the outset of merger discussions, FFT and MaxSec each established an Independent Board Committee to ensure no conflict of interest in the offer process for joint company directors Chris and Rob.

In terms of the process from here, MaxSec Shareholders will shortly receive FFT's Bidder's Statement, along with the Target Statement recommending that they accept the offer - in the absence of a superior proposal.

The Offer is expected to open around 06 November and close one month later.

If a minimum of 90% of MaxSec Shareholders accept the Offer, FFT intends to compulsory acquire any remaining MaxSec Shares.

The integration process will not commence until the Offer is finalised. Until that time, it is business as usual with the FFT team focussed on delivering its growth strategy.

There will be an opportunity at the end of the meeting for Shareholders to ask questions in relation to FY2017 Financial Results, FY2018 Progress or the proposed Merger with MaxSec.

END

Annual General Meeting Wednesday 1 November 2017



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Forward Looking Statements

This presentation is given on behalf of Future Fibre Technologies Limited (FFT).

Information in this presentation is for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in FFT. Certain statements in this document regarding the Company's financial position, business strategy and objectives may contain forward-looking statements (rather than being based on historical of current facts).

Any forward-looking statements are based on the current beliefs of the Company's management as well as assumptions made by, and information currently available to, the Company's management. Forward-looking statements are inherently uncertain and must be read accordingly. There can be no assurance that the underlying assumptions will prove to be valid.

All data presented in this document reflects the current views of the Company with respect to future events. Forward-looking statements are subject to risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. To the maximum extent permitted by law, the Company, its officers, employees and agents do not assume any obligation to release any updates or revisions to the information (including any forward looking statements) in this presentation to reflect any change to expectations or assumptions, and disclaim all responsibility and liability for any loss arising from reliance on this presentation or its content.

Chairman's Introductory Remarks



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FY2017 Financial Results

- Revenue \$12.9 million – down 10% on FY2016.
- EBITDA loss \$7.5 million.
- NPAT loss \$7.8 million.
- Operating expenses of \$14.6 million included:
 - targeted sales headcount changes
 - R&D spend on new product development, and
 - impairment of receivables.
- Net cash position of \$5.5 million at 30 September 2018, no external debt or borrowings.
- FFT expects to be cash flow and EBITDA positive in FY2018. Remains well positioned to pursue growth opportunities.



Next generation technology

- Continued investment in design, development and production of next generation technology to create competitive advantage and future benefits.
- Aura Ai launched Q3 FY2017.
- Widespread interest in Aura Ai capabilities for high security perimeter applications and adjacent markets.
- Orders valued at \$2.3 million received to date.
- Aura Ai currently quoted for more than 26 separate security projects valued at over \$20 million, with another 36 projects in early business (or sales) development stages with an estimated value of \$36 million.



CEO's Address



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Industry Vertical Update



UTILITIES



CHEMICAL, OIL, GAS & MINING



MILITARY



GOVERNMENT



TRANSPORTATION



COMMERCIAL & RESIDENTIAL



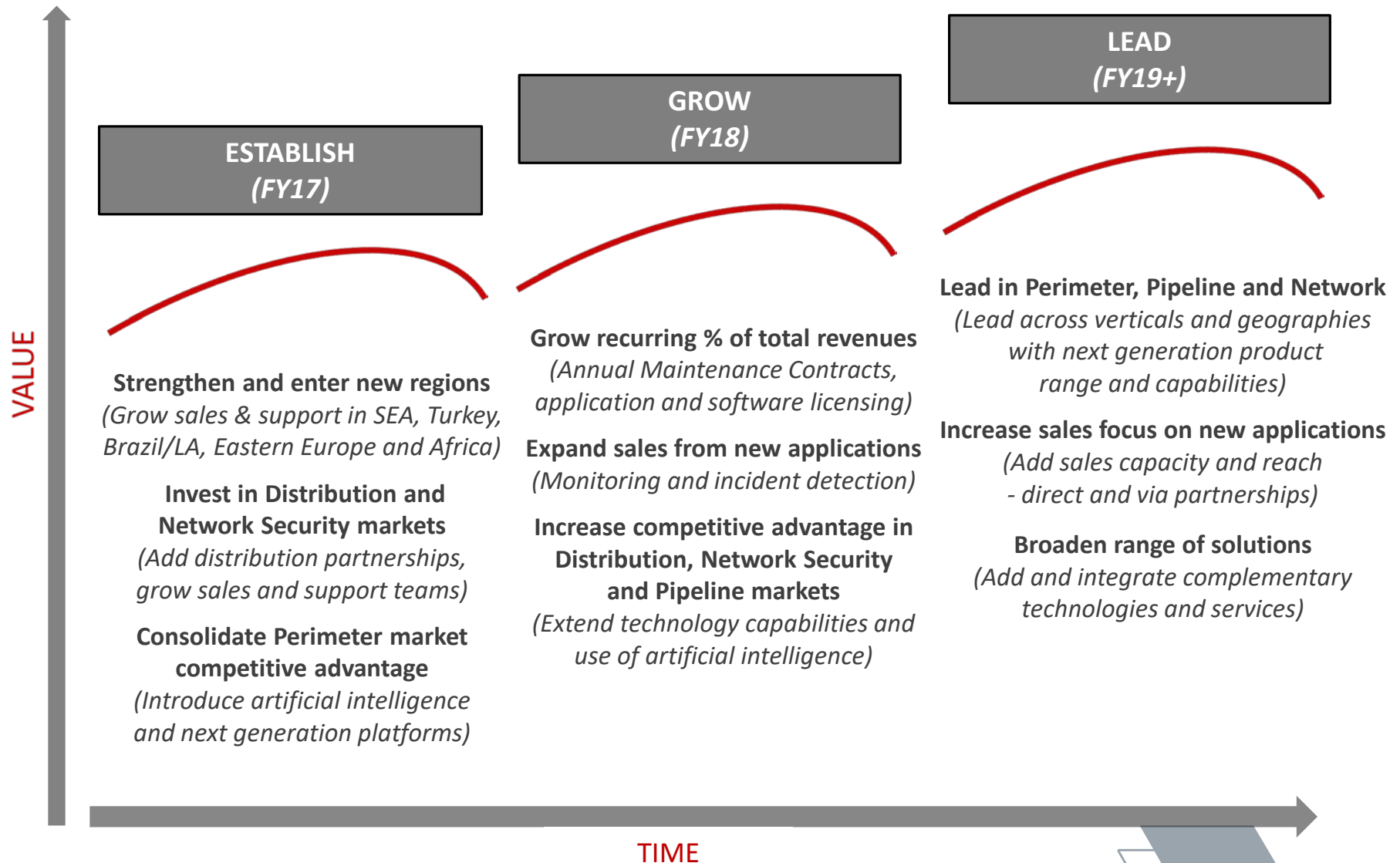
CORRECTION FACILITIES & BORDERS



FY2018 Progress

- \$8.5 million contracts secured for FY2018 to date, with \$4.3 million invoiced in Q1 FY2018– up 87% on Q1 FY2017.
- Primary Aura Ai investment complete, generating revenue growth, improved gross margins and reduced operating costs.
- Q1 FY 2018 unaudited net profit of \$0.6 million – second consecutive quarter operating cash flow positive.
- \$5.5 million at bank at 30 September 2018 – after \$1.8 million strategic investment in MaxSec.

Growth Strategy | Horizons



Outlook

- On track for profitable growth, building on the capabilities developed over the last financial year.
- Substantial and well qualified pipeline of sales opportunities.
- Widespread interest in Aura Ai platform for intrusion detection and adjacent markets.
- Widest range of fibre optic intrusion detection solutions available.
- Multiple 'Proof of Concepts' and trials successfully completed or underway.
- All major verticals and key geographies supported by well-focussed sales team.
- Growing and maturing Distribution Program and potential revenues from adjacent markets.



Proposed MaxSec Merger



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MaxSec Investment & Merger Offer

- FFT secures strategic investment in MaxSec Group Limited (ASX: MSP) - securing a 13% stake (61,500,000 shares).
- MaxSec Group Limited consists of BQT Solution for smart access control systems and AVA Global for secure international logistics.
- FFT announces off-market takeover bid (Offer) for all the shares the Company does not hold in MaxSec.
- FFT's proposed Offer to MaxSec Shareholders is one (1) FFT Share for every four (4) MSP Shares.
- MaxSec Independent Directors have recommend that shareholders accept the Offer, in the absence of a superior proposal.
- Offer is subject to conditions outlined in Bidder's Statement and Target's Statement.

About BQT Solutions

- BQT's secure, reliable smart reader and card systems, biometric solutions, electric locking and access control products utilised at over 3,500 sites in more than 50 countries.
- A leader in high security access control technology used in some of the most high security, critical applications in the world.
- Offers custom and “off the shelf” products to deliver market-wide access control security including military, critical infrastructure, commercial, industrial and residential applications.
- Offices in the United Kingdom, United States of America, United Arab Emirates, Australia, New Zealand and Singapore.



About AVA Global

- AVA is a growing global provider of secure international logistics of high-risk valuables, precious metals and currency.
- Fully insured (underwritten by Lloyds), door to door services, utilising a network of highly experienced Security companies, Freight forwarders, Airlines and Customs brokers, all operating under AVA's strict Risk Management guidelines.
- Global footprint with offices in New York, London, Frankfurt, Dubai & Singapore.
- Partner model: ability to provide service in 100+ countries.
- 150+ years management experience.
- Blue chip client base.



Merger Benefits

	FFT	BQT	AVA
Business			
Wider sales network/geographic reach	✓✓	✓✓	✓
Ability to leverage existing relationships to expand into new markets	✓✓	✓✓	✓
Stronger and more strategic partnerships through broader security solutions offering	✓	✓	✓✓
Larger balance sheet	✓	✓	✓✓
Cost savings through operational efficiencies and shared resources	✓✓	✓✓	✓
Shareholder			
Low integration risk due to management understanding of business operations	✓✓	✓✓	✓✓
All scrip bid allowing MaxSec shareholders to participate in growth of merged group		✓✓	✓✓
Greater market capitalisation and shareholder spread increasing liquidity	✓✓	✓	✓

Shared Security Market Opportunities

	Estimated Total Market Value	Current Estimated Addressable Market**
	Perimeter Security (sensors) US\$11bn (CAGR 13.6%)* Few key competitors Ave. Margin Range 60-65%	US\$1bn - \$2bn
	Access Control Systems US\$6.3bn (CAGR 12.2%)* Many key competitors Avg. Margin Range 45-50%	US\$0.6bn - \$1.5bn
	International Valuable Logistics US\$1.0bn - \$1.5bn Few key competitors Avg. Margin Range 25-30%	US\$0.6bn - \$0.75bn

* Markets and Markets: Perimeter Security Market Global Forecast to 2020.

** Management assessment.

Next Steps

- Bidder's Statement and Target's Statement will be issued on Friday November 3rd, and the Offer is expected to close one month later.
- MaxSec Shareholders should review the Bidder's Statement and Target's Statement in their entirety and consider the Offer having regard to their own personal risk profile, investment strategy and tax position.
- If a minimum of 90% of MaxSec Shareholders accept the Offer, FFT intends to compulsorily acquire any remaining MaxSec Shares.
- The integration process will not commence until the Offer is finalised.



Questions



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