Adacel 2012 and forward
Annual General Meeting
16 November 2012

Seth P Brown
Chief Executive Officer
## 2012 Recap

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>+/-%</th>
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</thead>
<tbody>
<tr>
<td>Orders</td>
<td>$39.9 M</td>
<td>$31.8 M</td>
<td>+25.5%</td>
</tr>
<tr>
<td>Revenues</td>
<td>$38.5 M</td>
<td>$37.3 M</td>
<td>+3.5%</td>
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<tr>
<td>Profit before Tax</td>
<td>$4.6 M</td>
<td>loss $3.1 M</td>
<td>nm</td>
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<tr>
<td>Profit after Tax</td>
<td>$4.2 M</td>
<td>loss $3.0 M</td>
<td>nm</td>
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<tr>
<td>Cash Flow</td>
<td>+$1.3 M</td>
<td></td>
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<tr>
<td>Net cash</td>
<td>+$5.8 M</td>
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All numbers AUD
CEO Immediate Priorities

- Streamline and consolidate company management
- Right-sized cost structure to return to profitability
- Set in motion a plan to change overall company culture
- Implemented company-wide training programs for all employees

TOUGH DECISIONS NOW
1. Continue to do what we do best
2. Focus on profitable product offerings and services
3. Eliminate unnecessary costs
4. Determine a path for future growth
Core Capabilities - What We Do Best!

Simulation & Training Products
- ATC Unified Training Solution
- Speech Recognition in Simulation

Operational Voice
- ATM Solutions

Global Services & Support
Strategic Planning

Focused Business Development
Focused R&D Spending
Simulation & Training

- Issues:
  - Cyclical, Uncertain Markets
  - Commodity Based Acquisitions

- Strategic Response:
  - Bundled Offerings
  - Focus Market Penetration and Development on Asia/Pacific and FAA (Ops and Support)
  - Enhance Capabilities for Future Market Disruption
Air Traffic Management

• Issues:
  • Dominated by Large Competitors
  • Typical Acquisitions Bundled

• Strategic Response:
  • Focus Market Development on Asia/Pacific and Oceanic/Procedural
  • Partner with Large Prime
Operational Speech Recognition Systems

- **Issues:**
  - Military Markets Uncertain
  - Long Adoption Cycles

- **Strategic Response:**
  - Focus Market Development on Commercial Aviation
  - Partner with OEM’s and Major Avionics Manufacturers
Primary Strategic Initiatives

• Market Development for ATC Simulation and Training and ATM in Asia/Pacific Focusing on China and the PacRim

• Market Development with Expanding Operations and Support Services Position with FAA

• Further Develop Unified Training Solution

• Acquire Aviation English Training Capabilities

• Market Development in Operational Speech Focusing Primarily on Commercial Aviation
• We have the right-sized organisation to be competitive and execute and promote market expansion of products

• Strategic initiatives provide a potential organic path with accelerating growth to 2017 with 2013 a year of further consolidation in performance

• Strategic plan is dynamic and requires ongoing review
Adacel Technologies, Inc.
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