

Looking back at 2017

ALEX MORCOS

CHAIRMAN AND MANAGING DIRECTOR

This has been a very positive last 12 months and the Directors are extremely happy and optimistic about how the company is progressing but more importantly where we are heading.

Congratulations to all staff for your dedication and hard work.

The regular face to face branch and account manager meetings, each in a different location, have provided the perfect forum to better uniform the communication of our overall resources and the successful implementation of our actioned marketing and sales strategies. As I have stated repeatedly our goal is to operate as ONE company and consistently communicate our resources in each location and division to better service our customer base. If we do that we will exceed our customers'

expectations and the sales figures will look after themselves.

I am particularly pleased this year by the branch and showroom developments, our Bunnings progress, the growth of our UES SEATING local and International sales and the work of our product champions in working with marketing to drive product strategies consistently and with the same urgency in all locations.

I am extremely proud for our company to have been awarded the prestigious Staten Island seating contract; a custom product that we had designed for the iconic Staten Island ferries in the most iconic city in the world, New York City. Everyone in the company should feel proud and excited by this opportunity which is testament to our

design, engineering and manufacturing capabilities. This contract will be manufactured in the USA.

Our manufacturing facility in California is expanding rapidly as we produce more and more UES SEATING orders in the USA and offer our customer base in North America the option of providing a US produced product. I look forward in developing this facility further and welcoming our US customers to visit our manufacturing plant.

On behalf of the Directors and senior management I would like to wish all our staff, their families, our partners and customers a safe holiday period, a joyous Christmas and a wonderful 2018. I look forward in working with you to make the next 12 months the best year yet!



Sales

PETER CRIDDLE

New and old customers alike have been impressed by the more user friendly revamped UES branches.

As 2017 comes to a close we can look back with pride on what we have been able to achieve in the past 12 months. The first half of this 2017/18 financial year in particular has seen us achieving great results with every division in the company experiencing growth and many realizing record sales. Also the completion of the UES showroom revamp has led to a much better buying experience for customers across all states.

Having quarterly managers conferences during the year has been a real benefit to the company, resulting in actions

quickly being implemented from our discussions. This year we met in Brisbane, Adelaide and Auckland then in November combined our last meeting for the year with all UES account managers. This provides us with the ideal forum to discuss products, development's and our ideas and plans for the future.

The sales team continue to promote the UES range through exhibitions and are optimising a number of new marketing tools that are now available to our advantage.



We look forward to 2018 with confidence, the release of a new UES catalogue and the introduction of a number of new and exciting products to our range early in the new year.

Operations

PETER MUNDY

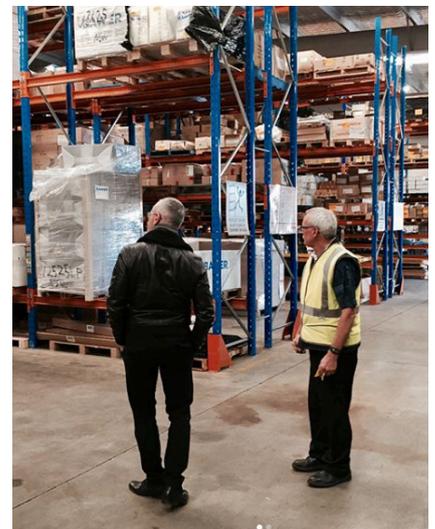
Focused on delivering business excellence.

Another year GONE, wow that went fast. This last 12 months we have seen major investments by the Directors of the company with the rollout of a Scan Pack / WMS System to suit the requirements of UES and its customers. The Bunnings Warehouse is now setup and in a short space of time has become a major focus for UES. After some minor hiccups in the rollout, the Scanning system is now working seamlessly and with the addition of the dedicated warehouse to accommodate for the growth, we are well and truly on top of things.

Supply Chain:

DIFOT. Deliver In Full On Time.

One of the key objectives this year called for enhancements in supply chain management. Our aim is to continually raise the bar on the service levels we offer our customers, and the main objective is our ability to Deliver In Full On Time, (DIFOT). We have again invested in technology to help us and are working very closely with our customers and suppliers to ensure we achieve this.



The commitment from the Directors to ensure we have that latest technology at our disposal is testament to their ongoing commitment and optimism about the company moving forward.

UES Seating

TANYA BALUK, WENDY LAWRENCE

Throughout the year we were pleased to welcome customers and industry colleagues from around Australia and the world who accepted our open invitation to visit.

It's time to reflect on another busy year as we, at UES Seating thank our customers around the world for their continued loyalty and support.

During the year we visited operators and shipyards and exhibited at PVA Maritrends in Seattle, Interferry in Croatia, and Workboat in New Orleans; catching up with friends and forming new acquaintances. At two of these events, we presented the newest addition to our seating family - the Voyager - a super comfortable seat with lie-flat capability.

In October we were overjoyed, yet humbled, to receive confirmation that our Island Bench seat had been selected for the three new Ollis-Class Staten Island ferries; which will be made in the USA and 100% Buy America compliant. From early 2018, our customers will be able to choose to have their orders produced in either our Australian or US manufacturing facilities.

From our various time zones around the world - California, South Korea, Australia - the UES Seating Team wishes you, our customers, partners, friends - and your families - a safe and happy holiday season, and a prosperous 2018!



The new lie-flat Luxform Voyager



UES team @ Workboat New Orleans USA 2017



The new LUXHelm Seat



Island Bench Seat chosen for the Staten Island Ferry USA 2017



Manufacturing in Fullerton USA 2017



LUXForm Collection @Interferry Split Croatia 2017

UES (USA) INC

UES Seating; Panther Engineering

VICTOR LAVROV

UES International Inc is in its second year in the Fullerton, California location.

During 2017 we worked to improve and prepare our UES American division to be able to deal with all the necessary requirements of a high quality manufacturer. Our business here is divided into aerospace and defence industries executed by Panther Engineering, marine seating and hardware fulfilled under UES International Inc.

We improved and upgraded our quality system to the latest versions for aerospace AS9100D and manufacturing ISO9001:2015. Our new certifications came as a result of a new audit by NSF registration body, that took a lot of preparation and 2 days visit by the auditors.

We have completed several US government and aerospace/satellite and robotics projects that came from many new customers the latest is Fermi National Accelerator Laboratory. We are also preparing the plant and people for the seat production scheduled to start in January 2018.

We acquired a large saw to cut extrusions and we have completed a few jobs that included cutting beams and track, assembled end caps, power boxes and creating crates and shipping orders.

The stretching machine was sent to us and is ready to go. A new CNC bender was purchased and it is on its way to our plant. These machines will make it possible to have a real seat production in California.

We are acquiring and building handling equipment to deal with the unloading, storing and moving of extrusions and finished parts.

We are happy to be part of the UES Team and are working hard to improve and integrate in the UES network of companies.

UES Seating production has already begun, with product already dispatched throughout 2017. The brand new CNC machinery is being calibrated and installed at the new location throughout January, and the first 100% Made in USA orders will be produced in February and delivered to clients in March.



Design/Engineering

BRANDON CLARK, DANIEL RODRIGUEZ

As usual, it's been a busy design year at UES.

2017 was certainly a year to shake things up for the design team at UES. A massive number of new projects and a variety of challenges and successes has set us up for a brilliant 2018.

Looking back on the year that was:

A pinnacle collaboration with custom motorcycle builder Matt Darwon lead to UES designing and casting a functional dual plane intake manifold for Harley Davison's venerable Knucklehead motor. It debuted on the custom bike at Born-Free 2017 in California; finally back in Australia the intake will undergo dyno testing before we release it next year to anyone lucky enough to enjoy a S&S Knucklehead powered motorcycle.

Staten Island Project – the further production development of the Island Bench puts us in good steady for supplying this renowned fleet in New York. It has been accompanied by the new generation slat bench, both conforming to project requirements and now capable of wall or floor mounting by simply swapping castings over.

Witnessing a 6G crash test in real life was an exciting and eye opening experience. The team went down to APV Tech Centre in Melbourne to assist with the successful High Speed Craft dynamic testing, which again opens up greater opportunities for UES Seating in the maritime market.

The extension of the LUXForm family has continued, with the 'Voyager' overnight sleeper variant progressing nicely, and with it much interest for upcoming projects. It's the first-time electronic actuators have been incorporated to the recline and footrest elements, and has brought a new level of sophistication to our product.

Even the little things have been good fun – like creating a family of Drop T scribe templates, for our clients to easily position and mark up their cutouts. To suit everything from Whale Tails, Vectors, and the classic 'T variants, these little beauties will be coming to a branch near you very soon.

From the design team, have a wonderful break and we look forward to the next big thing in 2018.



New lie-flat LuxForm Voyager



Custom Motorcycle collaboration, USA 2017



Seating for various projects worldwide



Seating for San Francisco Bay ferries



6G crash test

UES Fitch & UES Rubber

DAVID CHAND

Fitch has undergone a fresh new look, providing a more positive synergy for our customers.

It's been another exciting and challenging year at Fitch Rubber. Twelve months on the team (Johnny, Chris, Heinz & Michael) has persevered well in light of adversity due to extensive ongoing road works on T2T project. This has directly affected our site access and retail business.

Nevertheless, sales are up! Our general rubber sales have achieved positive growth. Our range of Inflatable boat sales are up by 50% and repairs up by 30% from the same period last year. The UES Pre-Pack merchandise range has been rolled out and expanded successfully during the year.

The team has done well in promoting our new branding under the UES banner with wide recognition and positive feedback from customers.

Both our sales and purchasing processes has now been fully integrated in GP and on par with rest of the sites. Considerable supplier consolidation has been achieved with favourable supply negotiations due to our combined purchasing power. Ongoing cross product training by Keith will be ramped up in preparation of our amalgamation.

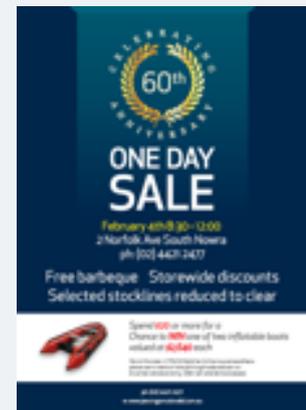
Every effort is being made to be inclusive and prepared for the upcoming merger. It's definitely an exciting project and we can't wait to be under the one roof!

Wishing everyone a merry Christmas and a prosperous New Year.

UES Jennings

CLAYTON EVELYN

Another year has passed and what a year it has been, we have seen milestones come and go and a name change in the mix as well. February saw UES Jennings celebrate 60 years in business with a Saturday morning sale held to mark the occasion with bargains galore across the store, sausage sizzle for customers and the great inflatable boat giveaway in which saw UES generously give away 3 inflatable boats to the value of \$5,000. We had over a 100 people register and attend the store on the day and enjoyable experience was had by all.



Jennings McDonald also has gone through a name change and has now transitioned to **UES Jennings** this will better align this division within the UES brand and help build its identity throughout the various markets by utilising the strong UES brand framework

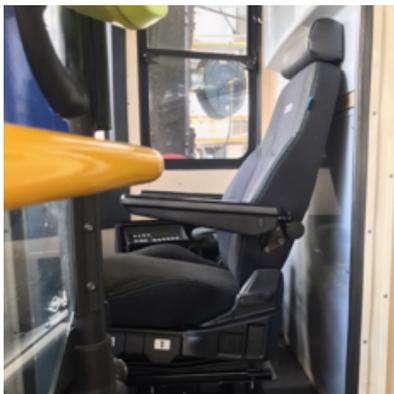


Driver Seating

SIMON ALLEN

Looking back on 2017, our UES Driver Seating division has been ramping up.

The last 12 months have seen us more heavily involved in the rail industry. With most state governments investing heavily in rail across the country, UES are positioned as the number one option and are known for having the ability to supply drivers seating specific to individual project and cabin requirements.



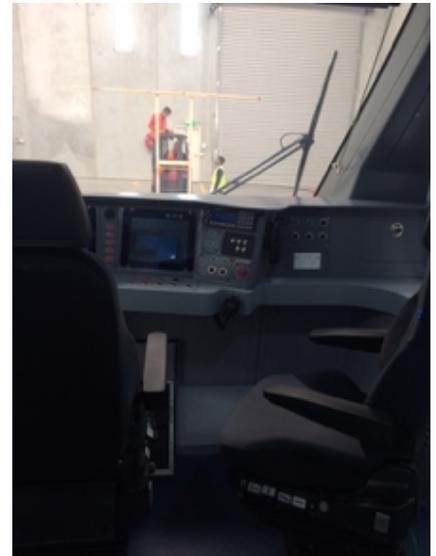
Yarra Trams Seat

UES again exhibited at the AusRAIL Plus 2017 show in Brisbane to demonstrate our vast product offering.

We are working with major stakeholders across the country within the rail industry, developing the next generation of driver seating with the view of it becoming industry standard.

We continue to work with the major truck manufacturers on their specific seating requirements, and there are many more projects we are working on for 2018 and beyond. Along with our retail and trade sales the future for UES driver seating is looking very healthy.

Thank you all for your support in 2017. Have a very Merry Christmas and a Happy and Safe New Year.



Evolution Rail Seats in Mock up

UES NZ

TIM ARCUS

This is now our second Christmas in our new location and we are going from strength to strength and making new clients and friends in the neighbourhood that visit us regularly. Many have signed up to our Trade Card club too so a big thanks to marketing for their hard work on this new way of communicating with cash sale clients.

We welcomed Joseph Drake to the team in August and some of you may have been lucky enough to have met him at our Sydney conference in November. Jared Baker, our store person was awarded the employee of the month for August to reward him for his high standard of service to the company so this was great

to get this recognition for his hard work. A big thank you goes out to Keith Robinson for his tireless work in helping to train staff and sharing his wealth of expertise. Thank you to all other branches with your help with stock, especially Queensland.

Merry Christmas from the NZ team!



People

ANGELA PAPAS

I WOULD LIKE TO INTRODUCE ALL THE NEW EMPLOYEES OF UES:

HEAD OFFICE

- Martin Wein – Logistics
- Priyanka Menon – Marketing and Graphics Coordinator
- Adjar Hug – Accounts Clerk
- Aaron Montgomery – Industrial Designer

UES SEATING

- Adan Hoerner – Factory Manager
- Kenneth White – Store Person / Process Worker

WETHERILL PARK

- Claude Laba – Branch Manager
- Murat Sahin – Account Manager
- Sefo Setefano – Customer Service

UES NORTHERN TERRITORY

- David Orme – Customer Service

WESTERN AUSTRALIA

- Tom Cooney – Account Manager

NEW ZEALAND

- Joseph Drake – Account Manager

UES INC USA

- Emmanuel Ramirez – Process Worker
- Minh Khuu – CNC Machinist

UES CONTINUES TO SUPPORT ITS MAJOR CHARITIES:

- | | | |
|-------------------------------------|---|---|
| Guide Dogs Associations | Red Cross | Vinnies |
| Sydney Children Hospital Randwick | Canteen Australia | Wesley Mission |
| Salvation Army | Vision Australia | Cancer Council |
| St Vincent De Paul | The Kids Cancer Research | Star Light |
| The Smith Family | Barnardos | Volunteer Fire Fighters Association |
| Royal Hospital for Woman Foundation | Royal Institute for Deaf and Blind Children | Variety the Childrens charity of SA |
| Variety The Children Charity | Care Australia | SA variety bash car MLC –The Runaway Brides |
| Mission Australia | Leukaemia Foundation | Cancer Council of SA |
| Special Children Xmas Party Cabala | Plan International | Sporting Car Club of SA |
| Sir David Martin Foundation | Seeing Eye Dogs | Port Elliott Surf Lifesaving Club |
| National Heart Foundation | Children International | |

UES also supports children in need from around the world, these benefits are for food, clothing, shoes, basic health care and education support, below are some of the children we sponsor.

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|------------------------------|----------------------------|
| Frank Steven Munoz – Ecuador | Nyavula Mwandogo – Kenya |
| Nabanita Adak – India | Oranich Raksaba – Thailand |

UES Employee of the Month winners in 2017:

- | | |
|-----------------|----------------|
| Ray Mclhoney | Fady Gerges |
| Clayton Evelyn | Martin Zeng |
| Michael Burrell | Kirsty Burgess |
| Johnny Bianco | |
| Jared Baker | |

UES International Recognition Award in honour of Jayne Kotz recipient 2017

- Robert Dacey