

Introduction to Australian Arrow

Australian Arrow Pty Ltd is the local division of the privately owned Yazaki Corporation (Japan), which globally consists of 165 companies in nearly 40 countries, supplying a wide range of automotive and other transport applications.

We have been a full service supplier and design centre of wiring harness assemblies to the Australian automotive industry since 1973, supplying OEM companies Toyota Australia, GM-Holden, Ford Motor Company and Mitsubishi Motors. Electronic components design and manufacture commenced at Australian Arrow in the 1990s for local industry with significant export contracts for SAAB, Volvo, GM & Isuzu also supplied until 2011.

The Head office, Engineering Centre and our electronics operation are located at a purpose built site in Carrum Downs (VIC). We also have a manufacturing plant and distribution centre in Laverton (VIC), which channels wiring harnesses and other products into Toyota and GM-Holden. Yazaki EDS Samoa manufactures many of high volume wiring harness products, prior to the completion of their manufacture in Australia.

We are certified to the ISO9001:2008 (Quality), ISO/TS16949:2009 (Automotive Quality) & ISO14001:2004 (Environmental Management) standards. Our ISO/TS16949:2009 and ISO9001:2008 certifications cover design, engineering, manufacture and logistics. We are also one of the Yazaki Group's global technical centres with comprehensive design and development wire harness capabilities, together with testing and validation facilities.



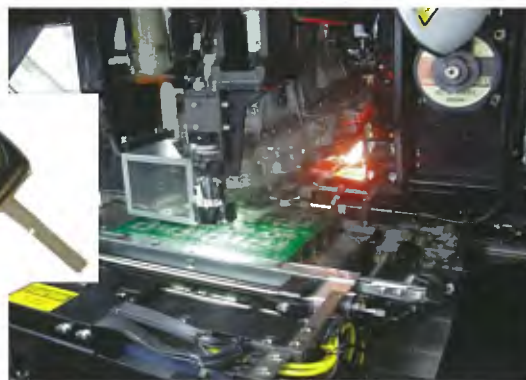
Current automotive business

Australian Arrow currently supply Toyota Australia with body wiring harnesses for all local models and remote locking keys for previous models. We have been the main electrical distribution systems supplier to Toyota Australia since 1975. This is a relationship spanning almost 40 years.

Australian Arrow also provides critical Australian 'Partner' Engineering support to Toyota for Global vehicle development at its Mulgrave facility with a specialised resident and non-resident Engineering team involved in future model development.



Our supply with GM-Holden is to provide full vehicle wiring harnesses for the Commodore range and to supply remote locking keys for previous models. We have been a major supplier and design service to Holden since 1983. Again a relationship of over 30 years.



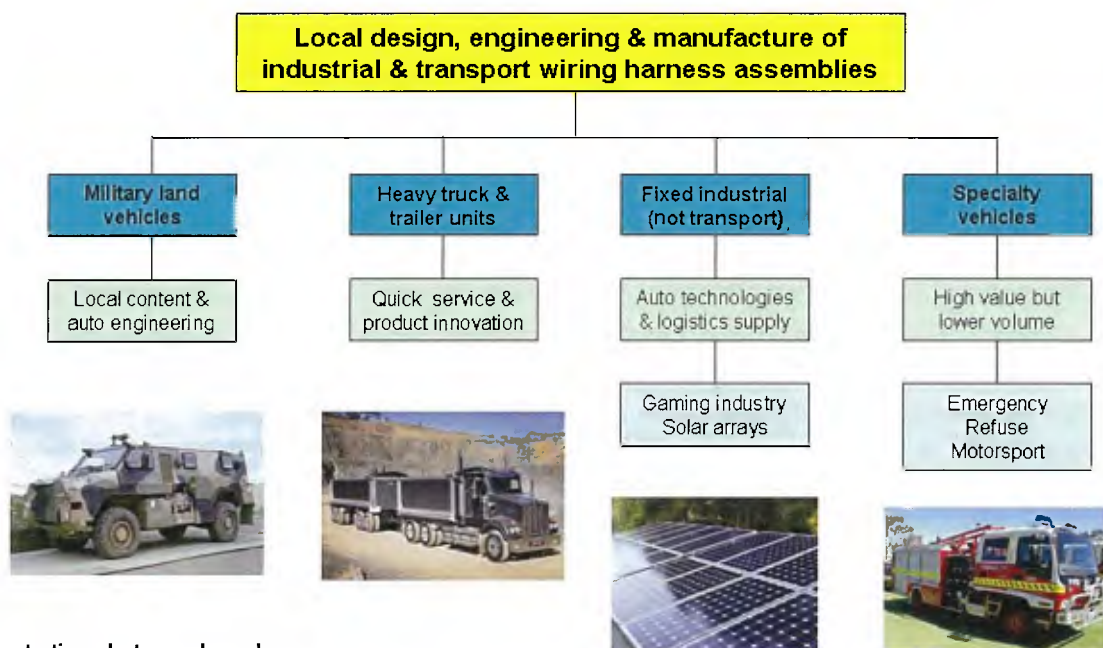
New Spill over Business

Australian Arrow commenced actively seeking new diversified business in 2011 and we see our new business program as being critical to the long term continuation and targeted growth of Australian Arrow. This program will assist in mitigating some of the risk from the changing Australian automotive landscape and will lessen our dependence on automotive OEM supply. We will be able to leverage existing overheads and structure and fill excess capacity in our buildings whilst making full use of our existing resources.

The stream of new business will draw upon Australian Arrow's strengths in technical design, engineering, manufacturing, cost competitiveness, quality & logistics to build sustainable long-term business in adjacent and complementary markets.

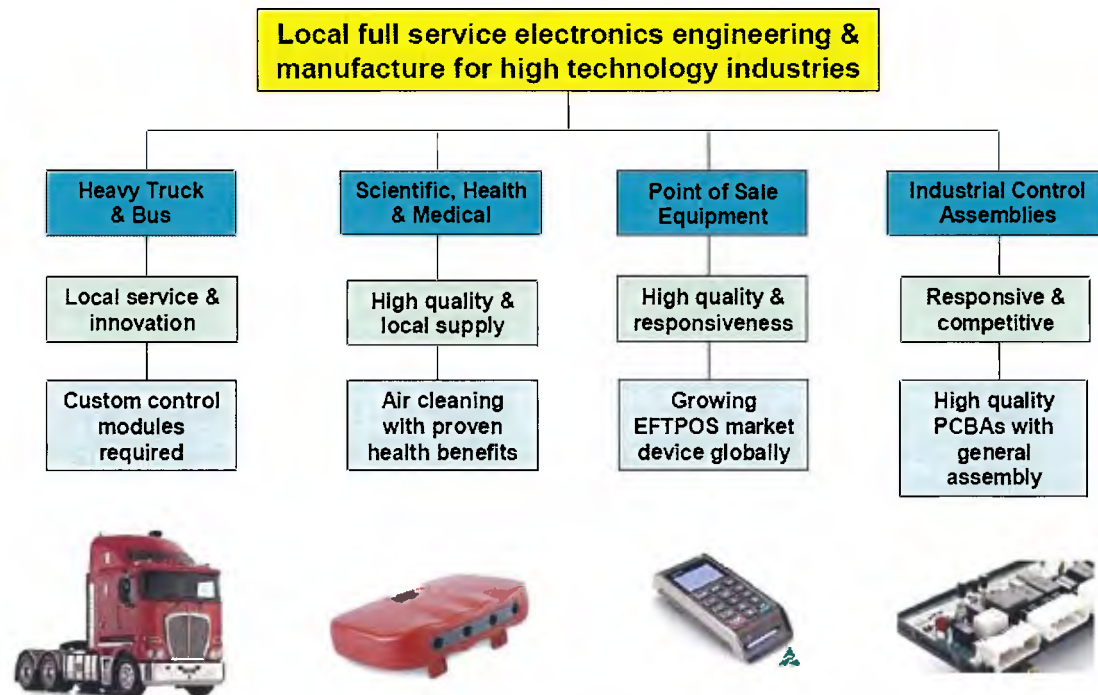
Areas investigated since 2011 are shown below. There are active applications in a number of these areas. During this time, we have worked with customers such as Thales Australia in completing the design and engineering of one of their future protected military vehicles.

- Electrical wiring harness local design, engineering & manufacture into adjacent markets centred on industrial transport (eg: truck, bus, other heavy vehicle, military, caravan, bullbars etc). The projects identified were ones that required (1) significant design input and development engineering, (2) local manufacture & (3) stable long life manufacturing where quality is paramount.



Illustrative photographs only

- Contract electronic Printed Circuit Board (PCB) manufacture into new markets (eg: medical & scientific equipment, solar power, smoke detection units, building security etc). Projects identified were the ones that required (1) design for manufacture only, not full design electronic capability, (2) local engineering support and value add manufacture & (3) stable volume longer life projects.



Illustrative photographs only

Australian Arrow Diversification benefits many industries

With each industry sector we are entering (scientific, health & medical, point of sale device, military, security & aerospace, heavy truck etc), we aim to introduce world leading technology, quality to ISO9001 (or ISO/TS16949), integrated logistics & supply chain, together with the production efficiencies gained by supplying the automotive OEM sector for many years. We see a real benefit to these industries in helping them deliver better product at improved efficiencies. Using the Toyota Production System is a key part of Australian Arrow processes, including tools such as Kaizen (continual improvement), DFMEA (Design failure mode & effects analysis), DFMA (Design for manufacture & assembly) and 5S (sorting, straightening, systematic cleaning, standardizing, and sustaining).

Manufacturing operations in Australia will be sustained

Our full service engineering, design for manufacture & manufacturing in alternate market sectors will add assist in sustaining manufacturing operations in Australia by:

- Functioning as a skills base to train and equip local labour for electronics manufacture,
- Enable additional hiring of local management, engineers and factory operators,
- Make us more efficient in servicing the changing needs of local customers,
- Utilise idle capacity in existing buildings and logistics providers,
- Expand our design, engineering, quality, logistics expertise into other areas,
- Provide new capital investment into local Australia,

The benefits of Australian Arrow having a Future

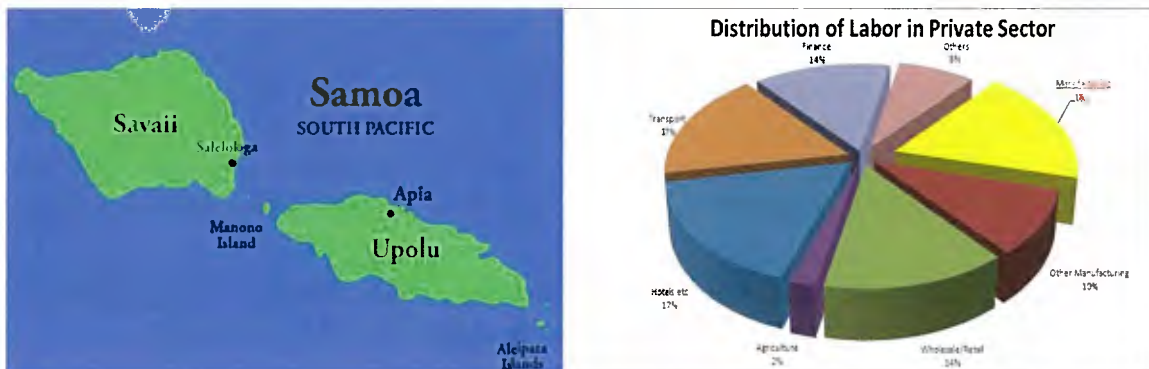
By offering a local engineering and manufacturing option, we will be able to limit electronic manufacturing work moving offshore or being directly imported. We will invest significant capital into the manufacturing industry as we commission tooling and equip the factory. We expect to be able to directly educate local people within the our supply chain and anticipate introducing others to factors such as quality to ISO9001 (and ISO/TS16949), technology advantages, integrated logistic & supply chains together with production efficiencies and smarter ways of designing assemblies or sourcing components. Many of our suppliers will be locally based and we expect our business to add to their viability and future sales. This will include component suppliers, logistics providers and other elements of the supply chain. Local validation and testing means we will be able to channel work through our laboratory area, together with resources expected to be required from outside contractors.

Australian Arrows contribution to other Economies

Australian Arrow is directly responsible for the existence of Yazaki EDS Samoa (YES). YES is our high volume production facility and solely manufactures electrical wire harness we supply to Toyota Australia.

YES was established in 1991 as part of the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) to support manufacturing in the South Pacific region. Australian Arrow has continued to support this strategy for over 20 years.

YES contributes to the Samoan economy in a number of ways such as Human Resource Development, Employment, Income for Samoan Families, Contribution to Exports, Social and Community activities, Contribution to GDP, local Infrastructure, Utilities and Hospitality.



- YES is the largest employer in Samoa after the public service.
- YES is the largest manufacturer in Samoa.
- YES accounts for approximately 18% of private sector jobs in Samoa.
- YES accounts for more than 60% of the manufacturing sector.
- YES employs over 800 people.
- YES contributed 6.14% of GDP in 2012.
- YES produced 65% of Samoa's exports in 2012.

The demise of the automotive industry in Australia would have a significant effect on the people and economy of Samoa and is a critical aspect of the Australian Arrow operations which is often overlooked.

Australian Arrow brings new skills, capabilities and investment

We will need to recruit direct staff and indirect factory operators in commissioning full local engineering and manufacture. Whilst many of the skills we can cover in-house, we expect to provide numerous employment opportunities, both for tertiary qualified positions and factory roles. Providing options for manufacturing production engineering is a key to Australia both retaining and developing skills.

Our presence in this field will assist new projects being kept in Australia and we expect to source many of the new components and customer specific parts from Australian suppliers.

With each industry sector we are entering (scientific devices, health and medical devices, point-of-sale units, security devices an etc), we aim to introduce world leading technology, quality to ISO9001 (and ISO/TS16949), integrated logistics & supply chain, together with the production efficiencies gained by supplying the automotive OEM sector for many years. We see a real benefit to these industries in helping them deliver better product at improved efficiencies.

Using the Toyota Production System is a key part of Australian Arrow processes, including tools such as Kaizen (continual improvement), DFMEA (Design failure mode & effects analysis), DFMA (Design for manufacture & assembly) & 5S (sorting, straightening, systematic cleaning, standardizing, and sustaining).

Impact on maintaining manufacturing capability in Australia

Whilst we use existing resources for our wider local manufacturing, we will also need to recruit and train new people. This will present the additional benefit for Australia that we will keep manufacturing skills local and ensure these skills are not lost. We expect to develop the engineering skills in the people we recruit for this operation, especially in the core areas of project management, design for manufacture and production. We may be able to offer a program with universities or similar education groups to provide work experience or an internship program.

The Engineering team at Australian Arrow provide the unique skills and capabilities that have made our organisation so successful and is key to our future sustainability.

The Australian automotive supply chain contributes to sustainability

The ongoing existence of the Australian automotive industry will help reposition Australian Arrow for the future as a viable and growing part of the automotive component supply industry. Whilst we look to take some of our industry supply outside the automotive sector, we will see excellent flow-on effects in our Toyota and GM-Holden work. Based upon our work so far, we expect to source componentry from some other automotive industry suppliers, but will also be drawing upon local suppliers from outside the automotive industry. We will invest significant capital into the manufacturing industry as we commission tooling and equip the factory.

The ongoing transformation and existence of Australian Arrow Pty Ltd

The ongoing existence of the Australian automotive industry is an unconditional requirement to reposition Australian Arrows future as a viable and growing part of the automotive component supply industry and be a significant contributor to the highlighted spill over and adjacent industry sectors. Without the presence of the local automotive industry Australian Arrow cannot survive and will have no option but to close its doors in Australia. This has a far reaching impact not only to the local economy but also to some of our international neighbours.

If you have any questions relating to this submission please feel free to contact me directly.

Yours Sincerely,

Craig O'Donohue

Managing Director

Australian Arrow Pty Ltd

Anthony Stanciu

Manager Program and Sales

Australian Arrow Pty Ltd