



CHAIRMAN'S REPORT TO THE 2016 ANNUAL GENERAL MEETING

I am pleased to report on the activities of PEECE over the past year.

The connection with the Jilin Transport Research Institute in China was strengthened with a visit there by directors Peter Rufford, Geoff Webb and Steve O'Rourke in June this year. They attended a Forum on the HeDa Expressway, which included a site visit and a number of presentations on different aspects of the project.

The directors met again with Dr Zhang Zhixiang at the Forum and canvassed whether they would be interested in collaborating on the development of Geoff Webb's pavement management software (called RoadWise). Dr Zhang was very positive about the prospect of developing software for the Chinese market and asked us to send him more details of the data required for the system. This has now been done and we are waiting for a response from him that would encourage a further visit to Nanjing early next year to explore in more detail the nature of the collaboration and a project plan. Dr Zhang indicated that he would be prepared to seek funding from the Jiangsu Provincial Government for a trial of the system.

As was the case last year, the climate is still not right to reinstate a formal agreement with the Jilin Provincial Communications Department. However, the opportunity for informal collaboration on technical issues, particularly on pavement design and environmental treatments, continues. There was some talk this time on a technical tour of Australia in the future which PEECE would host.

There was little opportunity again this year for PEECE at the domestic level in our traditional market, which is disappointing and probably represents the end of that market for PEECE. It is a critical time for the directors as they plot a way forward for the company and it is becoming clearer that the future is more in China than at home. Any move to broaden our market in Australia would only compete with one or another of the directors which is not consistent with our founding principles.

There seems little doubt that we have reached a watershed in the company's operational structure, and that there will be a realignment of how PEECE operates. With this in mind I have decided to step down as Chairman. I have enjoyed my association with you immensely, going

right back to the old LG INFO days, and remain in awe of the significant and diverse skills you all possess.

Wendy and I look forward to keeping in touch, and continuing the friendships that we value so much.

I would like to particularly thank Executive Director Peter Rufford for his administration of PEECE over the past year, and to all of you for your continuing friendship and efforts.

John Wearne AM
Chairman

30th September 2016