

Solutions

ASIA PACIFIC



DECEMBER 2005

Safety Win
Award for safety
commitment

Campbell Arnott's
Linfox's supply chain
partner

Crystal clear solutions
New design for OI
in NSW

Linfox's pharmaceuticals
Pharmatrans boost



SUPPLY CHAIN SOLUTIONS

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CEO’s note

A tremendous amount of energy is being devoted to reshape Linfox Logistics to bring outstanding skills to the challenges of our rapidly changing business environment. Solutions Asia Pacific provides a new way of informing our customers and the communities we operate in about our business development. I encourage you to respond to any of the articles, either in writing or by phone.

The company’s Transformation Program is absolutely vital to meet the expectations of our customers and our future customers who are meeting the economic imperatives of expanding their businesses across the Asia Pacific region and beyond. The innovations and business developments reported here are already products of that change process.

We’re developing a highly skilled team of people across the organisation and enhancing the way they operate both internally and externally. Together with state of the art technology, Linfox will offer new ground-breaking solutions for a wide range of vital supply chains throughout Australia and across the many international linkages that drive our economic prosperity.

I’d like to use this introduction to Solutions Asia Pacific to publicly congratulate the Linfox team for their tremendous achievements in boosting operational safety. The safe management of huge volumes of goods through thousands of hectares of warehousing and over many thousands of kilometres requires special attention to the systems and skills that maintain the health and wellbeing of our people and the communities that we operate in.

Our award from the New South Wales Road Transport Association for Occupational Health and Safety Excellence and our winning of the ‘Operation Countdown’ Award at the Australian Freight Industry Awards recognise the massive effort that has gone into boosting safety and skills training at Linfox over the last five years. Our skills and safety record is an important differentiator in the industry.

As we approach the end of the year I would like to wish you all season’s greetings and a booming new year.



Our cover: New Linfox rail containers arriving in Melbourne

WELCOME TO Solutions ASIAPACIFIC

LINFOX'S NEW MAGAZINE SOLUTIONS ASIA PACIFIC WILL KEEP YOU UP TO DATE WITH DEVELOPMENTS AT LINFOX AND SHOWCASE THE INNOVATIVE APPROACHES OUR PEOPLE ARE TAKING TO PROVIDE THE MARKET-PLACE WITH TAILORED SOLUTIONS FOR UNIQUE SUPPLY CHAIN CHALLENGES.

This year has seen us undertake the largest Transformation Program in Linfox's history. As our customers' needs and our trading environment has evolved across the booming Asia Pacific economic region Linfox is building its strategies to achieve its vision to be the supply chain solutions provider of choice in the Asia Pacific region. Hence the name of this new publication, Solutions Asia Pacific.

Linfox Logistics' CEO, Chris Munro, has done an excellent job of planning and commencing the implementation of our Transformation Program. He has begun to implement crucial change and rebuild his leadership team to set us on a path for growth over the next several decades.

In this edition we welcome some of the new people whose talents will complement our skills for developing stronger and innovative supply chain solutions. We also review some of the recent initiatives that have helped us add greater efficiencies to our customers businesses. We look at Linfox's business in Asia, across evolving Australian markets and at developments in our property portfolio, particularly the growth in our airports business.

For me the greatest enabler of our transformation program lies in the expertise and values of our people. Our business relies on our people's skills and communications with customers, suppliers and each other. Linfox's training focuses on sharpening our professional specialities and ensuring that we are a leader in safety so that our people, our customers and the communities that we operate in continue to maintain an excellent safety record. You will see in our news section

that our safety programs are being rewarded with major national awards.

Along with our commitment to safety our people have strong values in 'doing the right thing' to get the job done and to build strong partnership relations with our customers. The way we communicate, get along, is vital to the way we operate.

Technology plays an increasingly important role in our ability to provide innovative solutions to the market-place. State of the art software and customised infrastructure and equipment are giving us a leading edge in providing effective supply chain solutions. Development of new equipment is leading the industry in service and safety.

I trust you'll enjoy reading this first edition of Solutions Asia Pacific and wish you all the very best for the festive season. Enjoy the quality time with your family and friends and return refreshed for a very successful 2006.



Peter Fox



Welcome Gordon



“Customer relationships the key to our success”

Linfox's new Vice President, Customer Development, Gordon Silvey says there are just three elements critical to our future success.

“Relationship management, relationship management and relationship management are vital for continuing our excellent business and building a more powerful future for Linfox across the Asia Pacific region,” Gordon emphasises.



My role is to strengthen the way we relate to customer needs and provide highly specialised supply chain solutions that can streamline their logistics challenges.

With an extensive track record in operations as well as sales and marketing in Europe and North America, Gordon joined Linfox last month with a clear strategy to make

customers the champion of the Linfox business. “We need to capitalise on our strengths to make sure that the

customer is ‘the champion’ of this business,” Gordon told Foxtales. “And that means very professional customer engagement, a strong sales process and being highly sensitive to customers’ needs.”

Gordon says that training will build our skills in strategic account building. “And we’ll brush up on those vital communication skills that help us engage with our market.” Training will include workshops and ‘webinars’ – online seminars – to maximise inclusiveness and team building.

The world’s his oyster

Gordon comes to Linfox following a career that has taken him from his native Leeds in England to the Netherlands, Germany and Dallas, Texas.

“After starting my working life in finance and then sales, my supply chain career really began when I worked for US Lines in my native Britain,” Gordon told us.

Since then Gordon has developed his operational and sales and marketing expertise with logistics giants Ryder, FedEx and Exel and was most recently in a global marketing role for an emerging business unit of Ikea based in the US.

New Australian operations head

Dave Betts will look after Australian operations

Dave Betts, who joined Linfox Logistics in November, has a remarkable logistics background touching four continents. At Linfox Dave’s focus is on boosting Linfox’s operational effectiveness. In welcoming Dave to the company, CEO Chris Munro said that operational effectiveness was a key plank in the company’s Transformation Program. “As Customer Development and Supply Chain Solutions functions expand our business, Dave’s role will ensure that we use our assets at peak efficiency for our existing and new customers,” Chris said.

Dave told Solutions Asia Pacific that a key task will be to make sure we use IT systems to measure our operations in the most effective way possible. He said, “It’s important that everything we do is highly visible so that we learn and improve all the time. We can modify our

processes and spread our successes across the business by looking at the way we measure performance.” As Managing Director of Christian Salvesen, Dave helped build the UK company into a truly European operator. After two-and-a-half years the company won European awards for excellence in the use of IT and ecommerce to build supply chains.

Apart from commercial logistics roles in Europe, North American and touching Asia, Dave faced some of the harshest logistics challenges in the world when he delivered famine relief for the United Nations World Food Program in the Sudan in the early 1990s. Dave, who’ll spend time between many Australian cities, can

be seen early on any morning pounding the streets as part of his fitness campaign.



Dave Betts, right, with Steve Lilley from IT



Safety win

Linfox Linehaul won the vital 2005 'Operation Countdown' Award at the Australian Freight Industry Awards in September.



Peter Fox receives the award from Victoria Police's Bob Hastings

In presenting the award to Peter Fox, Victoria Police's Assistant Commissioner Traffic, Bob Hastings, said the award recognised that Linfox ensures there is a chain of responsibility for safety, drug and alcohol testing, compliance with the law, management of fatigue and initiatives to look after the community and staff.

CEO Chris Munro said that, "The award recognises the tremendous team effort the drivers and operations managers at Linfox Linehaul have made by making compliance with road laws such a high priority."

"Congratulations to the Linehaul team and to Shane Falkner and Michael Byrne for driving our compliance program; a truly great achievement for everyone."

Peter Fox said that the award highlighted the

importance of our commitment to drivers' skills and to ensuring that compliance with laws and safety continued to be a high priority.

"We place skills and safety as one of the highest priorities and the commitment with our training circuit and the National Transport Institute of Australia is well known throughout the industry," he said.

Another award won by Linfox went to Mick Best, Linfox's New Zealand Fleet and Compliance Manager, who was awarded the 2005 Australian Freight and Logistics Personality of the year. Mick has contributed greatly to our industry and to a number of charitable causes for more than 30 years. He has been involved with Vicroads safety programs and is a member of the Victorian Enforcement Liaison Group.

Chris Munro

Drives home skills training



Linfox CEO, Chris Munro, emphasised that skills training is a high priority for everyone at Linfox. "Our skills and our attitudes to dealing with people every day define our superior service, to our customers and to our colleagues in the Linfox team."

Chris visited Linfox's Australian Automotive Research Centre at Anglesea last month and took the wheel of a laden B-Double under instruction from staff of the National Transport Institute of Australia (NTIA).

He said, "Its vital for us to hone the tremendous skills needed to operate such large, environmentally efficient vehicles in safety on our public roads and highways."

Linfox is known throughout the transport industry for the high quality of its staff and its excellent training programs. "We are one of the few logistics companies in Australia to establish its own Registered Training Organisation, the NTIA, which supplies training to a wide variety of industry clients throughout the Asia Pacific Region," Chris said.



Chris Munro at the wheel of a B-Double at Anglesea

While at Anglesea, Chris presented training certificates to five visitors from Thailand who had just completed a training course. Our guests, from Thailand's department of land transport and from industry, learned about skills as well as about large vehicle issues and the influence of government policy.

Container Growth

Linfox ordered more than 200 dry freight rail containers.

All the containers, built by the huge China International Marine Containers Group (CIMC), will land in Australia by the end of this year.

The new containers will assist Linfox's expanding rail freight business as well as replacing retired container stock.

CIMC is one of the first container manufacturers and Sino-foreign joint ventures in China. It was founded by China Merchants Holdings and the East Asiatic Company Ltd.(EAC) in 1980 and in 1987 CIMC became a tri-party joint venture after COSCO joined in. CIMC went public in 1993 and has been listed in Shenzhen Stock Exchange since 1994. CIMC has more than 30 subsidiaries around China and all over the world and has over



The rail containers arriving at Port of Melbourne

28,000 employees. Container manufacturing is the company's core business.

The Linfox containers are delivered to Australia complete and ready for work, livery included right down to the 'You Are Passing Another Fox' logo and fleet numbers.

CIMC customers include world leading shipping companies and leasing companies in North America, Europe and Asia. Since 1996 CIMC has been ranked the world's No. 1 container manufacturer by annual container output and sales volume. Today, it has over 50% market share in the international container business.



Linfox at Darwins new trade terminal



The fleet lines up at Darwin's new East Arm Port fuel terminal

Linfox is a major distributor out of Darwin's new fuel terminal at East Arm Port.

Linfox has two 25m B-Doubles and a 140 tonne triple road train operating from the new terminal delivering for customers such as ExxonMobil, Darwin Petroleum Services, United Petroleum and Bailey's Marine.

Our delivery sites include the Ranger Uranium Mine in Kakadu which takes 2.5 million litres of Diesel per month, and the Argyle Diamond Mine Airport in WA, the biggest Industrial Diamond mine in the world.

The new terminal, opened by NT chief minister Claire Martin in September, is a joint venture

between Vopak and major fuel companies and was underwritten by the NT Government. Vopak has around 120 fuel terminals globally including one at Botany in Sydney.

The terminal is supplied every 14 days by ship from Singapore.

New offices for Thailand

The Linfox Thailand Team recently moved to new offices located on the 29th Floor of the Thai Summit Tower in Bangkok.

A Buddhist ceremony was held to bless the premises and bring good fortune to the business on 19 October. A fortune teller advised on the most auspicious date and time for the ceremony.

Nine monks blessed our staff and the offices and this was followed by the ribbon cutting ceremony and a lunch for all our staff. The Linfox team presented food and small gifts to the monks.

The new offices provide 20% more space for the Linfox team which will accommodate the growth in Linfox business.

Financial Controller Khun Marasri Wongphaet located the new offices and arranged the design and fitout.





NEW TRAY GIVES STEEL AN EDGE

Linfox's Industrial and Fleet divisions worked with steel customer BlueScope Steel to design a purpose built tray truck to improve deliveries of their Lysaght division's products.



The Lysaght concept steel delivery truck

After analysing the market needs a functional design that improves safety as well as delivery efficiency was agreed and the first 'concept' vehicle arrived in September this year.

The truck's tray, which is demountable, has three distinct sections. This means that the top deck of the truck can be detached for pre-loading while product from the lower deck can be delivered.

And the 'Christmas tree' style top racking also provides the flexibility to be separately loaded before being remounted in position on the truck's tray. This racking carries all forms of rainwater goods, such as guttering.

6 Linfox's Fleet division, led by Alex Brincat, also designed containment gates to prevent any dislodgement of steel products.

The tray is 9 metres in length, enabling the vehicle to carry the longest length of guttering, a key requirement for our customer, and it is fitted with a remote control Hiab crane.

The under deck is fully carpeted to ensure that the product arrives at the delivery site intact and in good condition.

Linfox driver Peter Anderson said, "That the overall length was not a concern during the trial and the use of the under deck has lessened the need to mount the top deck of the vehicle, which reduces the risk of falling at heights."

He also said that the remote control crane was a godsend because it makes unloading a lot easier and safer.

BlueScope's Fulfilment Manager at Lyndhurst, Craig Smith said, "There haven't been any scheduling concerns, and the vehicle has added a significant improvement to the local fleet, as previously all 9 metre product required a semi trailer. Now this new delivery tool can be used and semi trailers can be scheduled for longer deliveries."

"And the side gates have addressed the National requirement of full load containment," said Craig.

First steel from Darwin

Linfox Steel has now added Darwin to its national steel network.

James Moutafis said in eight weeks, from 4 August, when Linfox added the OneSteel Metal's business, our team was able to plan the business, train our new drivers and set up the administration to provide complete logistics for OneSteel's Darwin business.

James, who heads Linfox's Metals, Mining and Energy business unit said, "It's a fantastic effort by the team, we appreciate the exceptional work everyone put in to deliver quality customer service."

The Metals, Mining and Energy group now operates in five states and a territory.



“NOW WE OFFER EVEN MORE INNOVATIVE SUPPLY CHAIN SOLUTIONS FOR OUR CUSTOMERS”. LINFOX LOGISTICS NEW ZEALAND IS COMPLETING ITS STATE-OF-THE-ART WESTNEY DISTRIBUTION CENTRE (DC), A NEW MULTI-CLIENT FACILITY FOR AUCKLAND

New Auckland DC

BOOSTS EFFICIENCY



Inside the new Auckland DC, left: main warehouse; and above: the “drum farm”

Stewart Halligan, Linfox's New Zealand Manager, said, “Consolidating our warehousing and transport on the new site provides the opportunity to improve in a number of operational areas. Linfox is poised to boost its supply chain competencies and strengthen its position as a leader in New Zealand’s FMCG distribution sector and an emerging leader in distributing industrial products.”

Stewart said that the complex will house most of Linfox Logistic’s Auckland warehousing clients and will be the base for the company’s Auckland transport fleet. “The facility provides two warehouses that are interconnected by a large drive-through canopy providing for all weather, multiple vehicle loading.”

The larger 200,000 sq ft (18,580 sq mtrs) warehouse holds around 25,000 pallets of products for blue-chip FMCG clients Arnott’s, Nestlé, Red Bull and Unilever. It also has an insulated chamber for controlled temperatures products.

The second warehouse of 100,000 sq ft (9,290 sq mtrs), designed to hold 15,000 pallets, will service Linfox’s industrial clients, including oils

and lubes for BP and Mobil. It also provides a fireproof dangerous goods store which can hold 100,000 litres of flammable product. An internal “drum farm” will hold 10,000 200lt drums.

Boosting efficiency

Stewart said, “The potential benefits of combining the majority of Auckland operations on one site are exciting. The ability to flex resources such as Manual Handling Equipment, storage space, labour, IT, and other supply chain assets over the complex to meet customers’ requirements gives Linfox a massive advantage in a highly competitive distribution market.”

“And integrating Linfox’s Auckland transport and warehousing allows us to develop even more innovative supply chain service offerings for existing and future customers,” he said.

The new complex also offers Linfox staff opportunities to increase their skills and be exposed to all aspects of Linfox operations. Stewart says, “As part of our commitment to personnel development and training there will be structured training and job advancement for employees seeking a career in supply chain operations with Linfox.”

Commitment to security & safety

The new complex has state-of-the-art safety and security systems. Stewart Halligan said, “The site will have permanent security guards 24 hours a day, 365 days of the year. All vehicles pass through a security station on entering and leaving, and may be searched.”

“A CCTV system with over 35 cameras allows us to view activity from anywhere on laptops,” he said.

With safety paramount at Linfox, all visitors, contractors, and temporary employees will complete a formal site induction and will be issued with a pass card valid for one year.

Stewart Halligan said, “The DC planning project team put in an enormous effort to get the new Westney DC operational in a phased manner with virtually no disruption to customers transitioning to the new site. The team is to be congratulated for a job extremely well done.”

The new site will be fully operational from December this year and will be the flagship site for Linfox New Zealand. It will be developed as a supply chain centre of excellence.



Campbell Arnott's – Linfox's Supply Chain Partner

It is now more than twelve months since Linfox Chairman – Peter Fox and Campbell Arnott's President – Walter Bugno signed a deal for Linfox to manage the remainder of Campbell Arnott's logistics operations in Australia.

The agreement was built into several different phases to take in expected changes to their finished goods supply chain over the coming years. The first phase has now been completed successfully, which has seen Linfox take operational control of ten major DCs, local delivery fleets and their national linehaul requirements. Campbell Arnott's now represents one of Linfox's largest customers, with operations in each state of Australia and New Zealand.

A significant amount of work is now taking place on the other phases of the contract that will see important investments made in new technology, property and distribution centres. The investments are designed to help Campbell Arnott's meet forecasted volumes over the next 10 years and champion improvements within the retail supply chain environment. In addition to this, during the past 12 months, Campbell Arnott's has successfully implemented a component of SAP into their business and centralised their Customer

Service function. These projects form part of the Company's goal to build the best supply chain capability in the industry - one that supports the way its customers want to do business with them, and the way they want to do business with their customers.

Building strong customer relations

Earlier this year, both Lindsay and Peter Fox visited Campbell Soup Company's headquarters in Camden, New Jersey, as part of a tour of Linfox's key US based customers.

Lindsay and Peter's trip to the US was important in the development of our global relationship with Campbell Arnott's, particularly within the Asian region. Riding on the success of phase 1 of our Australian operations, Linfox hopes to leverage its strategic capabilities and tactical performance to become Campbell Arnott's preferred supplier throughout the entire Asia Pacific region.

It is hard to appreciate the scope of the Campbell Arnott's logistics transition. Since June last year, hundreds of people from Linfox Human Resources, IT, Accounts Receivable, L&D, Property, FMCG, Beverage, Linfox Linehaul and the Executive have rallied together to help make this a success. It has been a credit to our people spread across ten major DCs in Australia that handle over one million cases per week at a DIFOTA greater than 99.5%. Together with Campbell Arnott's, the Linfox team



Lindsay Fox (left) and Peter Fox (right) with Campbell Soup Company CEO, Doug Conant

Phillip Island

Summit Club launched

A MAJOR DEVELOPMENT AT PHILLIP ISLAND'S GRAND PRIX CIRCUIT OFFERS A RANGE OF NEW HOSPITALITY OPTIONS



Artist's view of the new Island Summit Club pavillion

The Phillip Island Grand Prix Circuit recently launched the Island Summit Club. The proposed Island Summit Club is perfectly situated in a new state of the art clubhouse that offers panoramic views of this superb international venue with its stunning coastal backdrop.

The clubhouse is the first stage of a multi-stage redevelopment that includes a five star hotel, 18 hole championship Greg Norman designed golf course and a number of other initiatives to make the entire venue much more welcoming.

The Island Summit Club will provide members with the finest hospitality with access to all of Phillip Island's prestigious events including the Australian Motorcycle Grand Prix, the Superbike World Championship and the Bigpond V8 Supercar Grand Finale.

Membership of the Island Summit Club also entitles special circuit access and privileges for all other public events held at the Phillip Island Grand Prix Circuit. These events showcase some of the nation's most competitive racing on two and four wheels.

Membership also provides two days per annum exclusive use of the Phillip Island Grand Prix Circuit facilities to participate in a range of activities from exhilarating HSV hot laps to the ultra fast go kart driving experience on the new mini GP Circuit.

There was a very positive public response to the launch which was held at the Australian Motorcycle Grand Prix.



Mick Doohan and Mark Skaife watch Greg Norman tee-off from the proposed new 18th hole at Phillip Island

Planning young careers

Linfox co-sponsored a Careers Day for secondary school careers counsellors at the Melbourne Exhibition Centre in September. Linfox and National Transport Institute of Australia staffed a display of Linfox related information on Career options in the Transport Industry. A large number of Careers Counsellors from throughout Victoria attended and Linfox CEO, Chris Munro, was one of the guest speakers at a forum conducted as part of the activities.



David McInnes and Liz Morrow (both right) with Troy Aitken from the Department of Innovation

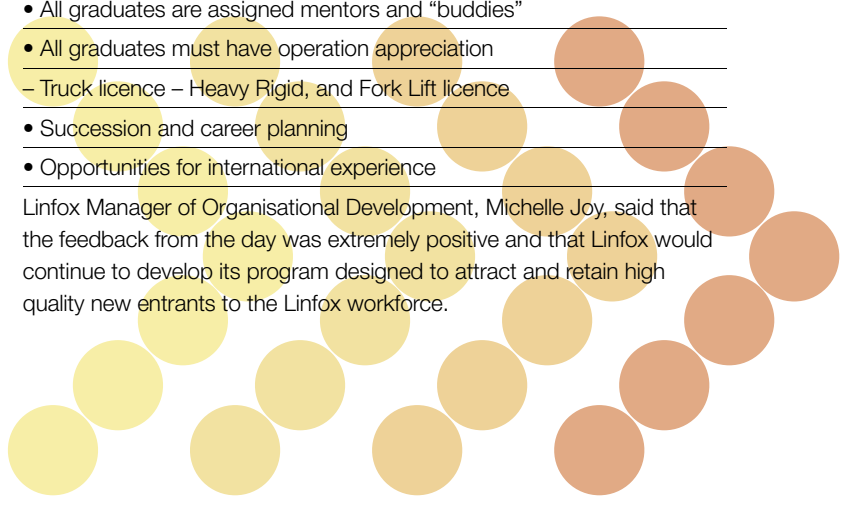
Chris outlined Linfox recruitment strategies emphasising the wide range of careers available, including:

- Mechanics
- Drivers
- Warehouse
- Supervisors
- Graduates & Traineeships
- Administration & Clerical
- IT Specialists
- Supply Chain Solutions Specialists
- Finance and Accounting
- Legal, Risk and Insurance
- Org Development & Training
- Procurement

Chris also discussed Linfox’s particular emphasis on securing graduates and an outline of Linfox’s graduate program which includes the following elements:

- Program accepts graduates from any discipline
- An 18 month program post university
- Total of six rotations covering operational and support functions
- Experience across multiple market focused business units
- Experience across market focused Business Units
- All graduates are assigned mentors and “buddies”
- All graduates must have operation appreciation
 - Truck licence – Heavy Rigid, and Fork Lift licence
- Succession and career planning
- Opportunities for international experience

Linfox Manager of Organisational Development, Michelle Joy, said that the feedback from the day was extremely positive and that Linfox would continue to develop its program designed to attract and retain high quality new entrants to the Linfox workforce.





Crystal clear solutions

Purpose designed and built trucks win OI(ACI) in NSW



New bottles rolling directly onto one of the newly designed trucks

Linfox won the OI glass logistics contract in NSW and began operating on 14 November.

Transfers use purpose built Roll on Roll off equipment that can also be loaded and unloaded from the side. A fleet of 5 Linfox trucks and trailers are currently working on a 24/7 basis moving hi-rise unwrapped pallets of glass bottles and other glass vessels destined for beer, wine, juice and food producers throughout Australia's largest food and drinks producing and consuming state.

Linfox's OI national contract manager, Tony Barbaro said that, "our strong relationship with OI, Linfox has managed OI's warehousing in WA and SA for several years, was a key factor that helped Linfox win this account. Another was our commitment to providing the customer with a tailored solution that met their specific requirements."

OI wanted to substantially improve the efficiency of bulk movements of bottles and jars. It also needed flexibility in handling the variety in product configurations and in seasonal volumes.

Tailored design

Tony Barbaro said, "We worked closely with OI and MaxiTRANS to design, test and build a truck trailer to suit the customer's unique needs."

The trailers have a lower profile and a higher than usual aperture to accommodate high pallets, needed particularly for efficient movement of wine bottles. They are also lighter weight to boost the efficiency of movements.

The new purpose built fleet will move hundreds of thousands of pallets of glass packaging from the Penrith plant to two Sydney warehouses combining to provide 100,000 square metres. Mainly amber glass for beer operations accounts for the largest glass user, but wine, other beverages and food make up the extensive market for clear, green and amber glass containers.

"The most important feature of our specially designed trailers is the ability to roll on and roll off loads and for these operations to be side movements," Tony said. "Gates easily open and close and the side curtain moves totally clear of the top of loads to facilitate simple side loading and unloading."

OI's senior management's reaction to the new equipment has been extremely positive and they have been pleased with the improvement in product integrity created by the trailer design.



While finance news feverishly tracked Foster's recent acquisition of Southcorp Wines, few realise how Linfox supported Foster's in developing a new route to market for some of Australia's best known labels after the recent takeover.

Speed to market



Operations inside a new Foster's warehouse

Linfox's Matthew Warrington, Director Projects; Beverages, was asked to help establish the eastern seaboard distribution of Southcorp brands for Foster's after their successful acquisition, in the quickest time possible. The new distribution system began delivering in just six weeks and achieved 99+% delivery service in week one.

Matthew said this was a fantastic challenge and thanked both his team for their, "incredibly professional and dedicated commitment to delivering a first-class result to our customer." "We worked extremely efficiently and Foster's is thrilled with the outcome," said Matthew.

Meeting the challenge

The task involved:

- Securing suitable warehousing in Melbourne, Sydney and Brisbane
- Fitting out the new space with the required racking facilities
- Sourcing all mechanical and manual handling equipment suited to the particular products
- Fitting out the warehouses and offices and

benefiting from Foster's IT team helping us install all the necessary data communication systems, including an RF (Radio Frequency) controlled Warehouse Management System

- Engaging new warehouse management and staff and training them in the required systems and handling procedures
- Setting up a dedicated metropolitan distribution network

Building relationships and systems

Matthew said that the Linfox team performed with cool professionalism to provide exactly what the customer needed.

"Our strong relationship with the people at Foster's over many years, certainly helped us achieve the targets," Matthew said. "And the passion for the product displayed by Foster's people also made our job easier. They really care about their wines and servicing their customers."

The new distribution network comprises warehouses of in excess of 4000 square metres at Laverton in Melbourne, 9000 sq mtrs at Villawood in Sydney and 5000 sq

mtrs at Hendra in Brisbane. The systems incorporate radio frequency scanning equipment, electronic receipt of orders with next day fulfilment and electronic transfer of all critical data.

Shane McPeake, National Wine Logistics Manager for Foster's Australia said, "We needed a reliable operator to help us establish a new route to market, quickly. We know the dedicated people and the skills at Linfox and we were exceptionally pleased with the outcome. This was a good example of what can be achieved when two companies work together for a common goal."

"Excellence in customer service is absolutely paramount," said McPeake. "And we were not disappointed in Linfox's work."

Matthew Warrington said that meeting the challenge is an important reality check of our skills. "And the benefits are clear, people want to do business with successful specialists and we proved our capabilities."



Linfox's pharmaceuticals boost

Loading a dispatch from Pharmatrans Sydney complex



Linfox acquired Pharmatrans Warehousing & Distribution Pty Ltd, a specialist in pharmaceuticals logistics based in Sydney, in October.

The Pharmatrans business complements Linfox's Pharmaceuticals and Healthcare division. The merger positions Linfox as a key player in the rapidly growing pharmaceuticals supply chain in Australia and the Asia Pacific region where markets will surge as economies continue to expand.

Chris Munro said that, "The pharmaceuticals supply chain provides tremendous opportunities for a specialist with Linfox and Pharmatrans' combined logistics knowledge to generate benefits for all participants. We're very excited by the opportunities for growth."

"The merger boosts our Pharmaceuticals and Healthcare division's scale and geographic reach," Chris said.

Linfox brings sophisticated IT solutions, improved route to market, economies of distribution scale and broad supply chain expertise across the Australian and Asia Pacific markets.

Pharmatrans brings further specialist pharmaceuticals logistics knowledge across hospitals, wholesalers and direct to market capability with cold chain and time critical requirements.

Pharmatrans operations

The Pharmatrans operation adds a significant warehousing complex that is divided into five specialised sites. Each site is configured to suit the specific needs of the clients and products being serviced.

The largest general warehousing site houses six clients with a wide range of products ranging from tablet pharmaceuticals through to healthcare and dermatology products.

The site housing the cold chain facilities services eight clients and incorporates distribution of vaccine type products and cosmetic health products.

The third site predominantly houses heart valve and ancillary products and provides the capability to make emergency deliveries right across Australia.

A fourth site houses manufacturing, packaging and point of sale materials for two key clients as well as another client specialising in supplying aids for people with various disabilities. Finally, the fifth bulk store site services a distributor of various types of containers for needle/sharp objects.

A growing market

David Sparks, Managing Director of Pharmatrans, who now heads Linfox's Pharmaceuticals and Healthcare Division said, "The merging will give our customers a new level of sophistication in the way their vital medicines are managed and brought to market."

The pharmaceuticals market has experienced significant growth. The increase in the range of pharmaceutical products available together with the aging of Australia's population has spurred this growth domestically, while the economic growth in our close neighbours also means that the demand for our services will increase tremendously in the coming decades.

The deal highlights the benefits of Linfox's new focus on developing specialist market sector logistics divisions, which will boost the level of service Linfox delivers to the market.

Malaysian gas lift

Malaysia's largest gas supplier builds a strong supply chain



Liquid gas deliveries leaving a MOX plant in Malaysia

Linfox has significantly improved the efficiency of supply chain operations for Malaysia's largest gas supplier, Malaysia Oxygen Berhad (known as MOX).

MOX, which is part of the worldwide BOC and Air Liquide groups, is the leading producer and distributor of industrial, medical and specialty gases in Malaysia. Linfox commenced operations for the two key MOX divisions; the Industrial and Special Products (ISP, compressed gas cylinders) and Progress Gas Solutions (PGS- Bulk Gases in Tankers); in November 2004.

Linfox's distribution services provide multiple drops within delivery zones. Linfox has put in place 30 new staff as well managing the existing 210 drivers (including 7 attendants).

Linfox's Managing Director Malaysia, Barry Thompson, said Linfox focused on a number of key goals to improve service for MOX.

Barry said, "Three key goals were to improve the delivery service's safety performance, optimise the vehicle fleet by replacing ageing vehicles with purpose designed vehicles for both businesses and lift overall operational efficiencies."

"Within the ISP business we have introduced 26 new vehicles to the fleet. We achieved 97% KPI overall by the second month of operations and have maintained 99.3% Deliveries In Full On Time since the beginning of this year," Barry said.

"Drivers have been trained in a high level of safety and in providing detailed feedback from customer deliveries so that any problems can be addressed."

The ISP contract runs for seven years and delivers a variety of specialist compressed liquefied gases in cylinders. The ISP network consists of five depots delivering products to 4000 customers across the country. A staff of 10 oversees more than 180 orders per day with 44 drivers utilising 34 vehicles on a six days a week operation.

Barry said, "In the PGS business we operate bulk cryogenic gases in tankers and compressed hydrogen trailers."

The PGS business has five depots delivering to 700 locations. A staff of 18 oversees 159 drivers and 24 hours a day, seven days a week operation.

"Linfox focused on a number of key goals to improve service"

The fleet has been rebuilt with 42 new prime movers and 31 old trucks being retired.

"Our new PGS operations are already delivering improved performances," Barry said. "We have substantially reduced stock-outs, to just one, and there is a dramatically declining Outstanding Delivery Orders trend."

Barry said that the rise in delivery efficiencies pleased Linfox, "and our customer. It demonstrates that we have the capacity to adapt and implement advanced systems across borders, cultures and geographies."



Centrelink comes online

LINFOX MANAGES CENTRELINK'S NATIONAL PRINT DISTRIBUTION NEEDS

The Government's Centrelink network of more than 350 sites nationwide requires a significant volume of printed materials for their service to the Australian public. From bulletins and brochures, pamphlets and information handouts to branded stationary Linfox now manages the entire chain ensuring timely and accurate product movements.

Linfox's Print Management & Logistics unit won the tender to replenish all Centrelink's printed and merchandise requirements across Australia in a joint tender with partners Stream Solutions and HPA. Stream Solutions provides the production elements in this supply chain while HPA are one of Australia's largest machine mail houses.

The operation is based at Linfox's Clarinda warehouse complex in Melbourne.

How it operates

The supply chain consists of electronic ordering by Centrelink staff downloaded to the warehouse where very stringent KPI requirements keep the staff on their toes. The contract processes more than 5000 orders per month with an order cut-off at 2pm daily. All orders received prior to that cut-off time must be dispatched that day.

A variety of transport services supplied by third party providers are then engaged, with order delivery modes ranging from next day delivery using air freight to locations right across Australia, to road express for less urgent and less costly modes.

The air and express road transport services rely on intense IT interaction. Linfox's electronic transport management requires a bar coded consignment label affixed to each carton and a manifest is electronically despatched to the transport company before the product arrives at the trans-shipment depot. This process relies on a high degree of accuracy by Linfox's warehouse staff to ensure multiple pallets of consolidated Australia wide despatches matches the data as it is sorted in the trans-shipment depot.



Some of the Clarinda team, standing from left: Wendy Hughs and Tasma Dunn, seated from left: Heidi Rietbergen and Joanne Karika

This system is extremely efficient. Even with increasing afternoon volumes building the workflow intensity, Linfox staff can dispatch and sticker an order in under 15 seconds. This includes confirming the order in the system and recording information into the database; a far cry from the 'old days' of multiple copies of paper consignment notes.

Committed staff

According to Linfox's Director of Print Management & Logistics, Bob Townsend, "Even with the very short lead time we had on implementing the contract in September and relocating 28 loads (over 1000 pallets) of product from the previous supplier the Linfox team was well within deadline."

He said, "The DC Manager, Tony Comito, and his team committed to the implementation task and worked long hours, including weekends. All the Clarinda staff are applauded for their efforts. The system is now humming along very sweetly meeting the strict KPIs set in our contract".

The Centrelink contract joins similar contracts operated by the Print Management & Logistics Business Unit, including the Commonwealth Bank and Westpac Bank in Sydney and the ANZ in Melbourne.

New warehouse management systems for Asia Pacific



Linfox has adopted SSA Warehouse Management 4000 and 1000 (previously named Exceed 4000 and 1000) as core warehouse applications to manage the flow of orders, inventory and shipments across the extended supply chain in the Asia Pacific region.

We have also added SAP Warehouse Management Systems (WMS) to integrate with customers using SAP as the host system.

Linfox operates offices and warehouse sites throughout Australia, New Zealand and countries in South East Asia and these sites comprise a variety of IT solutions for back-



Linfox WMS users in Indonesia

office, transport and warehousing activities. We rely on robust warehouse management systems (WMS) software such as SSA or SAP to manage our growing operations and develop new markets smoothly.

The Linfox WMS IT Team is committed to adopting a globally supported standard solution (i.e. SSA or SAP WMS) to meet industry best practice and maintain a competitive edge as a provider of logistics and warehousesolutions throughout this economically expanding region.

Because SSA and SAP WMS operate on client-server architecture Linfox can host the Asia Pacific WMS applications remotely in its Australian Data Centre, connected to end-users via Linfox Global Network. This benefits the entire region and our customers by leveraging on quality IT support from Australia's head office.

SSA WMS 1000

SSA WMS 1000 was designed to be preconfigured to match requirements for small to medium sized customers. It is suitable for standard warehouse operations incorporating best-practice without much customisation and extension.

It provides a full function, technically advanced application to facilitate efficient flow of merchandise, information, and orders through distribution facilities. This tool uses the latest client/server technology and has an extremely versatile and easy-to-administer system.

SSA WMS 4000

This system is targeted at more complex warehousing environments with customer-specific business requirements. It makes it easy to handle complexity with flexible data handling, user configurability and complete integration with host applications.

SSA WMS 4000 comes with "Work and Task Management" to enable workload and task balancing across resources. The Yard Management component manages all container and trailer yard activities, while the Appointment Scheduling component is used to schedule inbound and outbound appointments and capture dock acknowledgements.

SAP WMS

SAP provides the capability to manage financial, asset, and cost accounting, production and materials, personnel, plants, and archived documents. The system runs on a number of platforms and uses the client/server model.

SAP WMS has the end-to-end warehousing functionality with a wide range of predefined picking, placement, replenishment and bin management strategies which are highly configurable to suit business requirements of different complexities. RF and barcode technology is readily available as part of the application. Linfox will be able to integrate seamlessly to customers' that host SAP systems.

Deployment effort and methodology

With the appropriate hardware and connectivity it is possible for a skilled resource to implement a SSA WMS 1000 in about one month and the SSA WMS 4000 in six weeks. Nevertheless, many factors contribute to the overall timeline of a project and these include the size of the warehouse, volume and variation of SKUs stored, reporting requirements, complexity of warehouse operations and the commitment from internal users.

SSA WMS 4000 is currently widely used in warehouses in Thailand, Malaysia and Indonesia but there is scope to upgrade some into the latest version of WMS. Linfox will offer SAP WMS to green-field sites requiring complex logistics solutions in the Asia Pacific region.

Many warehouses in the region still run paper-based transactions. To promote more efficient warehouse operations with a high level of accuracy, RF (radio frequency) and barcode technology can be implemented to replace these operations.

Resistance to change is a common hurdle to overcome in implementing new systems. We demonstrate that a computerised WMS incorporating decades of industry best practice, comes with more structure and efficient warehouse operations and better data integrity and accuracy. The WMS selections are providing Linfox with an edge in developing our markets throughout the region.

Driving smart supply

A NEW TEAM OF SUPPLY CHAIN SOLUTIONS SPECIALISTS IS FOCUSED ON BUILDING VALUE FOR LINFOX CUSTOMERS

A new Linfox Supply Chain Solutions team of 20 specialists has been formed to operate across Linfox's Asia Pacific operations with the goal of developing new, technology-led and innovative solutions for customers and industries.



Headed by Chris Hemstrom (Left), the new group is key to Linfox's vision of being the supply chain solutions provider of choice throughout the Asia-Pacific region.

The team, consisting of supply chain modellers, designers, value analysts and solution architects, will build and leverage Linfox supply chain solutions' intellectual property using robust methodologies to deliver customer value with low commercial risk for any of the parties.

Chris says, "Our mission is to develop innovative supply chain solutions for customers who are demanding new sophisticated approaches to businesses that are growing in complexity because of the greater focus on international supply chains. That means we'll win new business through high-class analysis and innovative solutions which make sense within the Asia Pacific region."

Working with people, knowledge and leading technologies

Chris says the group "brings together a powerful set of specialist skills and knowledge. Our process is quite straightforward. We'll be working with Linfox's business units and our customers to help create more wealth for our customers by:

- Selecting those areas where improvements are most needed, either to help an existing customer or to win new Linfox business
- Scoping problems and defining the particular goals for improving specific supply chain operations



Supply Chain Solutions team meeting

- Working with our customers and the Linfox team to closely analyse all levels of the problems once they've been scoped
- This could mean analysing detailed transactional data, customer locations, sources of supply or mapping operational processes
- Then the redesign process can begin. This involves strong collaboration with customers and Linfox people involved in the relevant supply chain, drawing on international best practice examples and assessing complementary technologies. It often includes complex mathematical modelling, and detailed work on IT systems and technologies, to identify ways of improving the efficiencies of operational processes.
- The outcome will be a cost effective solution and business case that streamlines particular supply chains and we'll be involved with the implementation, training and the critical review and fine tuning.

Chris said that the team's experience will also help develop industry specific solutions that can then be tailored for new customers' unique circumstances.

"We'll be working right across supply chains," said Chris, "looking at all aspects from sourcing and procurement to distribution and returns management. The Solutions Group is internationally oriented, assembled to support our customers' requirements across the Asia Pacific region. We have specialists located in major trading centres across the region and

will use our expertise where our customers and the Linfox business requires it."

"We'll be expanding Linfox's critical fund of supply chain solutions knowledge across a range of industries throughout Australia and the Asia Pacific region," Chris said.

Linfox will support customers in a massive and increasingly complex trading region.

"The key to our success is becoming a high performing team."

"We held a two-day workshop in October to look at our skill sets, how we'll be aligned with the Linfox vision and how we'll work with our established and new customers, as well as our colleagues throughout the Linfox organisation," Chris said.

"One of the most vital aspects of what we do is how well we work with our colleagues around Linfox and how we work with customers and potential customers," Chris said.

"We need to get the balance of specialist skills and collaboration just right."

In welcoming the new team, CEO, Chris Munro said, "The new Supply Chain Solutions team builds on Linfox's existing specialist knowledge base and blends in a range of new skills and market experiences that will complement that knowledge."

Fleet upgrade

MAXITRANS



Peter Fox (Right) receiving one of the first newly built trailers from MaxiTRANS' MD Michael Brockhoff

In the last 18 months Linfox Fleet division purchased more than 220 freighter trailers and Maxi-CUBE vans from transport equipment manufacturer MaxiTRANS. The capital program improves and expands the Linfox fleet

The first order for more than 120 units during 2004/2005 was one of the largest single trailing equipment orders ever placed in Australia. This was followed with a second order for more than 100 trailers with delivery being completed by mid December 2005.

The orders consist of a mix of various T-liner configurations, 36 pallet B-double Hi Cube Freighter combinations, refrigerated and dry freight Maxi-CUBE leads, tags and single vans, including specialised chain drive self loading trailers.

One innovative new trailer was specifically designed by Linfox and MaxiTRANS to transport empty new beer bottles from a glass plant to a nearby brewery. Featuring specially designed side gates, the new design provides for both rear and side loading and unloading of the palletised bottle stacks.

Other purpose built designs in Hi Cube and specialised equipment have enhanced operational efficiencies for Linfox and its customers and have helped to secure new and existing contracts.

The new trailers will be used by Linfox for local distribution, intrastate and interstate freight tasks in and between Queensland, New South Wales, Victoria and South Australia.

MaxiTRANS is a long-term supplier to Linfox, providing a variety of general, refrigerated and dry freight transport equipment including Freighter T-Liners and Insuliners and Maxi-CUBE refrigerated and dry freight pantecs for grocery and chilled good distribution.

Linfox's expansion to become one of Australia's market leaders in road transport logistics relies on innovative equipment that delivers efficiencies and durability to give the business a niche edge in today's market.

Linfox Airports **FLY AHEAD**



From Left: David Saunderson, Deputy Mayor, City of Geelong, John Eren, state Member, Geelong Province, John Brumby, Victoria's Treasurer, Tim Anderson, GM Avalon Airport



Linfox's Avalon Airport's sustainability is now well and truly entrenched

Victoria's Minister for regional Development, John Brumby, recently announced a significant strategic upgrade for Linfox's Avalon Airport.

The Minister joined Linfox Airport's General Manager, Tim Anderson, to announce an \$800,000 tarmac upgrade which is receiving a \$400,000 contribution from the Victorian government. The upgrade, part of the current \$2.5 million upgrade program, will facilitate greater passenger traffic with up to three A320 Airbus planes able to park at the front of the terminal.

The upgrade program also boosts passenger terminal facilities with further seating, three new check-in terminals and improved café and retail areas. This current \$2.5 Million facilities' upgrade forms part of a \$7 million improvement program undertaken by Linfox since it bought Avalon Airport in 1997.

Tim Anderson said, "Since 1997 employment at Avalon has grown from 150 to 1,000 people and it is fast becoming a major centre for aviation excellence in Australia and in the Asia-Pacific region."

"The new upgrade will go a long way in further facilitating what can be offered at Avalon. That means growing the services offered here, which in turn will grow the number of people employed on the 1753-hectare site," he said.

Avalon brings economic benefits

The upgrades reflect the growing passenger traffic at Avalon which has important flow on effects for the local economy as well as for Victoria in general.

"Avalon is making a real mark on the aviation industry in Australia, a statement endorsed by the Australian Airports Association which last year named Avalon the Regional Airport of the Year for aviation excellence," he said.

Mr Anderson said that with the Jetstar passenger traffic, Avalon is the 14th largest airport in country as well as being a major aircraft maintenance facility and pilot training centre.

"The employment at Avalon has a considerable positive flow-on effect on the businesses and job prospects in the Geelong-Melbourne corridor with hundreds more jobs in down stream industries that support Avalon's operations," he said.

"This is particularly so for the hundreds of small and family-owned businesses in tourism related industries."

Jetstar Chief Executive Alan Joyce said the performance of its Avalon Airport operations had proved to be one of its major first-year achievements in the low-fare carrier's successful market entry since mid-2004, with seat capacity up 90 per cent and the number of flights up 50 per cent.

Mr Joyce said Jetstar had carried more than 600,000 passengers at Avalon Airport since it launched services there on 1 June 2004, and the majority of daily services are now operated by its future fleet of new 177-seat Airbus A320s.

Mr Anderson said that the upgrade would also allow Avalon to increase its regional airports links with towns such as Portland and Mildura, increasing business and tourist links right across the state.

Essendon improves too

Linfox's Essendon Airport recently received a Commonwealth government grant to boost security facilities. The \$1.9 million grant, part of the government's program to raise security across regional airports, will install a state of the art CCTV security camera system, five kilometers of fencing, lighting systems and remote gate access controls.

As well as this added security, a Directly Factory Outlet (DFO) Centre has recently been opened at Essendon Airport. "It has met with overwhelming success", said Linfox Property Group General Manager Andrew Nicholls, "and has been tremendously well received by the public."

The facility comprises 117 retail shops and Linfox staff in Melbourne experienced a sneak preview with pre-opening special evening that attracted more than 500 Linfox staff.

Securing footy greatness

Armaguard in the spotlight at footy's night of nights



Anthony Coluccio (background) and Rick Mantle (foreground) carry the votes into the tally room

Armaguard's Essendon road crew, Anthony Coluccio and Rick Mantle were part of the red carpet glitz and glamour at Melbourne's Crown Towers for the Australian Football League's night of nights, the Brownlow Medal count.

The Brownlow medal, the Australian Football League's best and fairest player of the year award, is determined by the votes of all field umpires. Umpires submit their votes for the three best players in each match played during the premiership season and these votes are securely held by Armaguard until the official count is held on the first Monday evening after the last match has been played.

The official count is Australian football's single largest non-playing focal point attracting most players, their partners, officials and a nationwide live TV audience to discover who the umpire's choice is.

The count process began on 19 September at Armaguard's Essendon Branch when Stacy Alley, Southern Region Customer Service Manager, opened the Armaguard Two Key Safe containing the AFL umpires' weekly match votes. Present were Bianca Griffen from the AFL and Dean Waters, Partner, Audit and Risk Services, KPMG together with his audit team. Also on hand was a large contingent of Melbourne news media to record the event for the evening bulletins.

Voting envelopes were counted and rechecked before being locked in a sealed steel container by Anthony for transport in an armoured truck to the Crown Palladium Showroom. The AFL attends Essendon Branch each week to lodge the umpires' votes from every game under the supervision of David Owen, Armaguard's Two Key Safe Controller, in accordance with the protocols set by the AFL and auditors KPMG.

The envelopes are not opened and counted until the telecast of the official count is underway.

Anthony and Rick accompanied the KPMG auditors on the red carpet, escorting the votes into the event, showcasing Armaguard's reputation for professional, secure service to a nationally televised audience. Armaguard has been custodian of the Brownlow votes for the last 20 years and look forward to a continuing relationship with the Australian Football League.

The 2005 Brownlow Medallist West Coast Eagles captain, Ben Cousins polled 20 votes and his team-mate Daniel Kerr, finished just one vote behind him in the count.



Armaguard: Stacy Alley, Anthony Coluccio, KPMG: Erin Kelly, Hinda Crosbie and Dean Waters check umpires votes



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*Vehicle shown is Fuso concept development truck showcased at 2004 Tokyo International Truck Show