



THE SPLINTER

EMPLOYEE NEWSLETTER

August 2017

September 2017
Edition 19



Congratulations



Whether you've been at AKD for 15 years, 10 years or even 2 years, there is no doubt you'll recognise the man in these photos. 30 years ago, we made a truly great decision: hiring Jon Warton. Since starting back in 1987, Jon has become a memorable employee at AKD.

Jon is well known for a number of great qualities; his caring nature, optimistic attitude, his love for his family (wife Angela, sons Lachlan & Connor) and his contagious smile! Outside of work you can find Jon bowling every Saturday, spending time with his family, talking to his pigeons, playing with his dogs or renovating his new home and land in Cororooke. He is well known for his caring nature and positivity, bringing a smile to everyone he meets.

It is a true accomplishment on Jon's behalf to reach such a milestone. For the last three decades, Jon has displayed a work ethic admirable to all. Jon's attitude is something we should all aspire to. He is always up for a chat, offers to help in any way he can, and is willing to listen to everyone.

"I started at Irrewarra on the 22nd September 1987, as a cleaner underneath the mill. I then moved onto the table stacking timber, then into the mill where I ran the breaking down carriage for almost 10 years.

When the new mill at Irrewarra was built I got the opportunity to be one of the original operators, during my time in the new mill was when AKD purchased the Victree site. I was lucky enough to stay on with AKD and I worked at the Irrewarra site for almost 22 years.

Eight years ago, I got the opportunity to move into the Colac site in various roles, then 3 years ago I took on the role as Recruitment Coordinator.

I have seen some massive changes and upgrades in my 30 years with AKD, but most of all I really enjoy working with the great people we have here, having the opportunity to meet and work with everyone in the business in some way is the best part of my current role.

- Jon Warton

On behalf of everyone at AKD, congratulations and thank you on an incredible 30 years of service Jon. AKD is truly honoured to have you as a part of the company. We would also like to thank Jon's family for all the encouraging support they have provided him over the years.

Thank you and Best Wishes Jon.





LIONEL PEVITT Celebrates 25 YEARS OF SERVICE



Wayne Lawson presenting Lionel with his plaque for 25 years service

Lionel Pevitt completed 25 years' service on the August 3, 2017. A BBQ was held in his honour and Lionel was presented with a plaque (pictured left). Lionel, being a passionate Richmond supporter and avid pool player, was presented with a yellow and black pool cue with the Richmond Tigers emblem.

Lionel started with Portland Pine in 1992 running a chipper on site. He moved onto operating the cambio and peeler machines and has since worked in dispatch for the last 15 years.

"Lionel has been a dependable, hardworking employee and in my time and has mentored employees in dispatch to a very high standard. He has been of great assistance whilst I settle into my new role"

- Louise Haluska, Sales

"I look forward to coming to work each day and having a chat about how Richmond are travelling. As a Hawthorn supporter he is often asking how Ty Vickery is going. Lionel is a model employee who goes about his work with minimum fuss and can always be relied upon to get the job done safely"

- Wayne Lawson, Site Manager

AKD and Portland Pine wishes to thank Lionel for his 25 years of committed service to Portland Pine Products.

Keep up the fantastic work!



Lionel & Ros Pevitt at this years Lumber Legends Dinner at Colac City Bowls Club.



John Hayden and Shane Vicary presenting Lionel with his certificate and service pins at our recent Lumber Legends Dinner.





Congratulations!

Congratulations to Phil Norman, who has accomplished 20 years of valued service with AKD Softwoods. Phil has been in various roles over the past 20 years since starting with Victree Timber.

We asked Phil a few questions about his experience and time with the company.

Where did your career begin and how old were you?

I started at Victree Timber in 1997, and I was 22. My first role was stacking timber off the round table.

Fondest memories?

Becoming a member of the Lumber legends this year.

Departments worked in?

I've worked in both the Irrewarra Green Mill and Colac Greenmill as well as in the Maintenance Department, the Drymill and the Log Sort

One of the biggest and most profound changes you have seen within AKD?

How much the company has grown over the past 20 years, but even more so in the last 6 years since Shane Vicary has become CEO.

"Phil has a heart as big as Phar Lap and always puts the company first. He has had various roles over his journey and always adapts to challenges"

- Craig Conway, GMC Production Manager

"Congratulations Phil on achieving 20 years' of continuous service. I do remember you as a fresh faced young fella starting at Victree back in 1997. I was lucky enough to work with you on a few different occasions, at Irrewarra, Colac Greenmill and Drymill. You have been a very resilient employee over this time turning your hand to numerous positions from Production operations, Maintenance, Cleaning, Forklift, Loader driving etc. Whatever jobs were put forward you were always keen to get in and take on a new challenge, well done and all the best for the next 20 years."

- Steve Baudinette—Production Manager, Further Processing

"Phil, Congratulations on a huge achievement. When I started at AKD almost 5 years ago now you were one of the first people I worked closely with. You were generous in your sharing of information, opinions and ideas and for that I am forever grateful."

You have taken on challenges that a lot of people would have walked away from and you will always have my admiration for that.

As for an Operator of mobile plant, I can't think of any incidents you have been involved in off the top of my head which is testament to your skill, care and integrity.

There would be very few AKD Employees that have your range of skills and experiences and I look forward to your continued contributions and successes."

- John Browne – AKD Operations Manager



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The Finance Team Goes Global

As AKD has grown and evolved, the composition of the workforce has also evolved and become more diverse. A recent example of this has occurred in the Finance Team. In the last 12 months, two new team members have commenced, both with very diverse and interesting backgrounds.



Mark Suntjens (pictured left) started as a Business Analyst with AKD almost 12 months ago. He is responsible for financial reporting, budgeting, forecasting and project evaluations. Mark is from a city called Roermond (population 45,000) in the South Eastern part of the Netherlands, just 15kms from the borders of Germany and Belgium. Roermond is almost 800 years old and is known for its historic buildings, some of which date back to the 13th Century!



Mark, his wife Nathania, and their 7 year-old twin boys moved to Australia in March 2015 and have recently built a house in Torquay. He previously lived and worked in Australia with Shell, between 2008 and 2012, eventually moving back here permanently to enjoy the laid back attitude and outdoor lifestyle in Australia. Mark enjoys the more relaxed pace of Australia, and does not miss the crowds in the Netherlands (where 17 million people live in an area one fifth the size of Victoria). However, he still can't stomach Vegemite and misses 'kroketten', which is a Dutch fried beef roll he can't get his hands on in Australia. He makes do with fish and chips!



Kavitha Mohan (pictured left) joined AKD three months ago in the position of Credit Controller. She is responsible for preparing customer invoices, processing customer payments and maintaining customer accounts. Kavitha is from Bangalore, India and moved to Australia with her husband, Neel, in January 2017. She previously worked as an Analyst for the ANZ Bank in India, so has had previous experience working with an Australian company.

Kavitha was born in Madurai, an ancient temple city in India. Population is 1.5 million and has been inhabited since 300BC. Madurai's skyline is occupied by a huge colourful temple, a major pilgrimage site. Kavitha grew up and lived in Bangalore, the Garden city of India. It is India's third biggest city, with a population of 8.5 million people. Bangalore is considered the "Silicon Valley of India" because of the large number of IT companies located in the city. Almost half of India's technology companies are based in this city.

Kavitha misses the traditional Indian festive dishes such as Athirasam (Rice & jaggery doughnuts), Mathur Vada (a savoury fried dish) and Paal Kova (a milk sweet). She cannot believe that Australians eat our national animal (kangaroo) and bird (emu)! However she doesn't miss the traffic of Bangalore, with the constant sound of car horns, and appreciates the calm and well regulated roads in Australia.



Both Mark and Kavitha have been welcome additions to AKD and the AKD Finance Team, and we are all enjoying learning about the history and culture of their home countries.

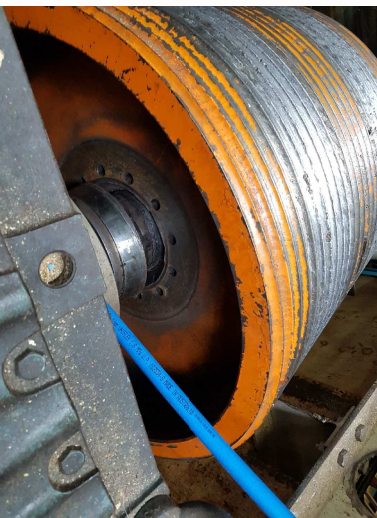
- Glen Darroch, *Chief Financial Officer*

Irrewarra Shutdown



Disaster struck Irrewarra in late August, after what was appearing to be a great month with production. Our main machine, the Headrig, suffered a major blow. With an hour and a half to go in the arvo shift on Thursday August 24, the winch cables broke. At first, that was all we thought it was, but unfortunately it quickly turned into something more serious. The result; the hub on the side of the cable drum which connects the drum to the drive, had broken away.

The cable drive had to be pulled out completely and either replaced or repaired. Replacing it would have required weeks of waiting on replacement parts. Fortunately for us we have excellent local support. Mike Hegedus and his crew worked tirelessly on repairing the cable drum, getting it back to us as quickly as they could. Once back it was our maintenance teams turn to get it installed and back into operation.



During the period the mill was down the crew didn't slip into 'Can't Be Bothered' mode. Instead they got focussed on getting all our re-entry block packs through and were able to get the build-up of Hans block packs from Colac through as well.

Now that the headrig is operational, the next challenge is to claw back our production deficit. But with the teams that we have on both Arvo and Day shift, I am sure that we can get the job done.

This whole episode was extremely disappointing to all, given we were really flying with production numbers. The good thing out of this was everyone's attitude towards getting the job done. Thanks to a great relationship with [Mike Hegedus](#) engineering, who dropped other jobs to get ours done, an excellent maintenance crew that worked hard on the issue and also used the opportunity to complete other tasks around the mill. Thanks to all who were involved.

- Adam Howell, Irrewarra Supervisor



Trucking in Dispatch

As AKD look for improved efficiencies and better ways to do things across sites, Dispatch is similarly looking for improvements. Our timber fleet is now operating with four drivers, three of which having commenced in the last 12 months. They utilise BDouble and single trailers, carrying timber to customers throughout Victoria. The Shuttle fleet has said farewell to Paddy Melville and welcomed in Andrew (Wilba) Williamson, while the Residue fleet has benefitted with Nick Stokes coming on board.



With all our own drivers working efficiently, we are now investigating how to better utilise external carriers for timber deliveries to our customers in South Australia, Victoria, New South Wales and Queensland. We have requested proposals from existing and additional carriers. This will change the way we do business with carriers, streamlining how we engage with them on a day to day basis. It will also positively effect our ability to secure carriers at peak times and for carriers to have ongoing security of loads. Proposal responses are due back mid-September and will then be evaluated to find the best business outcome for AKD. This is likely to bring a significant change in the Dispatch operations from our current handshake arrangements and relying on goodwill for the supply of trailers, to formalised arrangements being put in place – exciting times ahead.

- Gary Dolan, Dispatch Manager



CELEBRATING 20 YEARS

Welcome to the Lumber Legends Club.

2017 Inductees (L-R):

Top Row : Michael Abbott, Pahulu Maea,
Ian Gill, Phil Norman,

Bottom Row: John Westlake, Les Rowarth
Mark Henriksen and
Christopher Bridgeman



CELEBRATING 25 YEARS



Picture L-R:

Lionel Pevitt
from Portland Pine Products

and

Barbara Jelleff
from Jelfor Timbers

CELEBRATING 30 YEARS



Picture L-R:

Anthony Maxfield

and

Jon Warton

AKD Lumber Legends

The year was 1997. John Howard was our Prime Minister, Pauline Hanson launched her One Nation Party, and Melbourne's Crown Casino was opened. A jury found OJ Simpson guilty and we lost our much loved Princess Diana. The first Harry Potter book was published and Tiger Woods, at 21 years old, was the youngest ever golfer to win the masters. It was also when Michael Abbott, Pahulu Maea, Ian Gill and Phil Norman joined AKD Softwoods.

This leads me to our present day, where AKD Softwoods held its second annual Lumber Legends Dinner. With a combination of 805 years' service amongst our guests, The Colac City Bowling Club hosted our annual Lumber Legends Dinner where we inducted 10 new members to our illusive club.

The legends listed above, together with John Westlake, Mark Henriksen, Chris Bridgeman, Barbara Jelleff, Anthony Maxfield and Les

Rowarth, were all inducted in the Lumber Legends Club during a presentation held on Friday August 18, 2017.

Upon arrival for the evening, guests were photographed by the talented Sophie Fisk and enjoyed pre-dinner drinks in a private room. They then moved into the grand function room at the Bowls Club, where our guests enjoyed a sit down 3 course meal catered by the amazingly talented Aaron and Sandi Togni from Gravity Café in Colac.

After entrée, Shane Vicary and John Hayden presented our guests who celebrated 20 years, 25 years and 30 years of service (pictured left). Special mention to Lionel and Ros Pevitt, Chris and his daughter Shelby Bridgeman, and Barb and her son Drew Jelleff for travelling all the way from Portland and Traralgon to join us. It is great that we can all come together on this night to celebrate each others milestones.

Shane and John had the pleasure of presenting and congratulating Anthony Maxfield and Jon Warton with 30 years of service. Anthony, who couldn't attend last year, received a watch, certificate and service pins on behalf of AKD Softwoods. Jon received a certificate and another service pin to add to his collection.

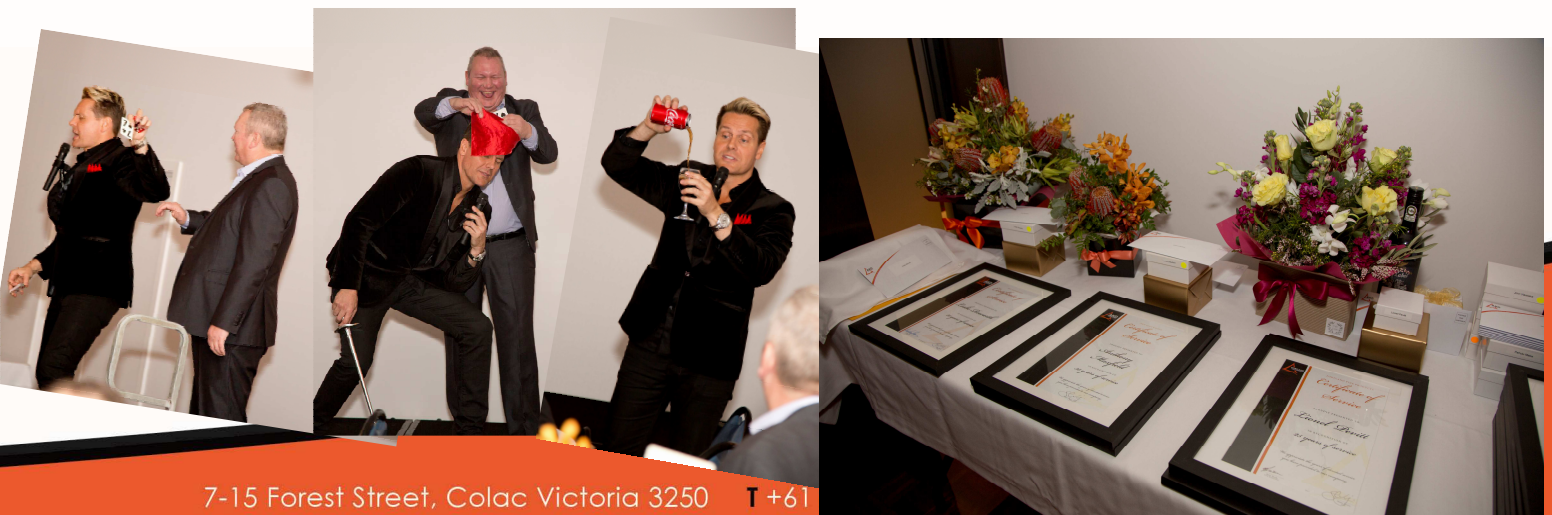
Amongst the celebrations we got to say goodbye to Paddy Melville, Les Rowarth and Ike Smit (Neil Elsum whom also retired this year, was unable to attend the dinner). After many years at the company, these gentlemen retired this year, and it was a pleasure to have them attend on the night and be given the thanks and farewell they deserve.

After Main course, the crowd was in awe of our entertainer 'Matt Hollywood', who wowed the guests with his illusions and magic. Matt melted a fork in half in front of Jon Warton, correctly guessed Shane Vicary's pin code for his mobile phone and re-sealed, then filled an empty can of coke right in front of our eyes.

There were plenty of card tricks and other illusions which have us all still wondering how? Matt Hollywood was a true comedian illusionist. With constant heckling from Bob Newton, Matt always had a comical come back that echoed laughter throughout the room. Matt had the final laugh however, keeping Bob quiet by having him on stage, front and centre, for roughly 20min holding a deck of cards. Finally, Matt included Bob by asking him to choose a card, then throw the deck in the air whilst Matt waved his sword and stabbed Bob's "chosen" card, mid air. We were all in amazement once again, as he got the correct card. It was safer not to think how he does it, but just simply enjoy the magic. And that we all did!

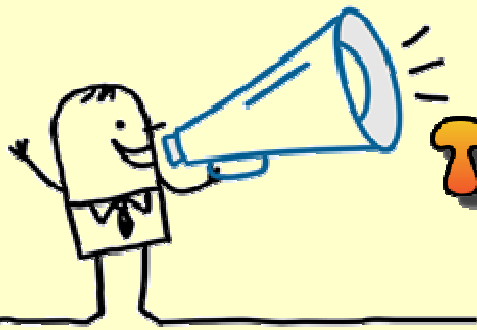
After a delicious dessert, the guests mingled and reminisced before the AKD taxi service delivered them home safely.

AKD is proud of our 'Lumber Legends' and being able to celebrate their service with this wonderful evening.









INTRODUCING THE TECHNICAL & PLANNING TEAM



Pictured above L-R: David Belfield, James Kruss, Richard Schaffner, Jared Pietsch, Carl Angus, Tom O'Connor and Tristan Bellears

The Technical and Planning team is an important part of the jigsaw that helps our customers get the right quantity of their products, at the right time, whilst operating smoothly and without (too many!) surprises. It is our understanding of the behaviour of timber, including how it responds during different processes, that is a key factor in maintaining the balance between customer expectations and mill profitability.

Understanding the end purpose of products in the market place, helps us meet the customers expectations. We balance their requirements against the qualities of the logs, determining compatible solutions for the high-strength structural material and the weaker material, which that is better suited to packaging or low strength applications.

Working closely with the Sales and Marketing team, and our Production team, the Technical and Planning team provide advice to ensure that production plans result in the best outcomes for AKD and its customers. The team is constantly looking forward to anticipate and plan for changes in market conditions, customer requirements, log quality, product requirements, seasonal changes, new process technology and considering new market opportunities.

The AKD Technical and Planning team comprises of:

Richard Schaffner, Business Development Manager, a timber production engineer with a career-full of experience in market place issues as well as production and process technology, team manager,

David Belfield, Business Optimisation Manager, an engineer with 20 years in softwood process optimisation whose focus is on improving (optimising) business outcomes overall,

Jared Pietsch, Production Scheduler, who came up through AKD's Colac Dry Mill and QC and who is now the main co-ordinator of production activities on a day-to-day basis,

Tom O'Connor, Recovery Champion, who worked his way into process optimiser land through AKD's Irrewarra Sawmill and is now providing key support to production crews for optimised machine centres,

Carl Angus, Technical Manager, who has been with AKD for 7 years and has held various roles – now responsible for matters relating to wood and process technology, and how these interact in the quality arena,

James Kruss, Information and Business Systems Manager, who is an IT Engineer and is now responsible for the information used in planning and running the business, and for the computer systems that convert data into information.

and last but by no means least,

Tristan Bellears, Continuous Improvement Project Manager, with extensive experience in maintenance of high-tech equipment, maintenance and project management and trouble-shooting in complex systems.

When you see one of us around, say "Hi" – we like to hear what's going on everywhere!

Water Main Re-alignment

As one of Colac's largest manufacturing businesses, AKD employs more than 350 people in Colac and uses about 40 million litres of water to operate its kilns each year.

AKD's production facility was located atop a 6m easement containing a 225mm feeder main, meaning the area couldn't be developed. A solution was identified that supported AKD's economic growth.

In April 2016, AKD began work with Barwon Water to come up with possible options and route for the relocation of the water main. AKD have been investigating options for the possible relocation of the water main since the middle of 2014.

AKD worked closely with Barwon Water in the early stages of the project to determine the best option for both parties. One of the options was to run the pipe along Forest Street and Parkinson Street but this was discounted due to high cost and the number of services already under ground on the proposed route.

The main driver from an AKD perspective was the removal of the water easement to allow the construction of a new dry storage shed. AKD are currently one of the only timber mills to dry timber and then put it outside in the weather. This shed will fix this issue, by allowing dried timber exiting the kilns to be stored straight under cover to reduce downgrade of timber due to weather damage/deterioration. This will enable AKD to improve Grade Yield.

Barwon Water engaged DKM Utilities to carry out the works which commenced in March 2017 and were completed in June 2017. Work involved the installation of new water main pipes and associated valving along the east boundary of the AKD's site. The installation of new valves and capping off the existing pipe to maintain our fire system water supply. This also provided a new water supply line to the log Sorter operation.

AKD and Barwon Water collaborated closely together on this project, resulting in the innovative solution. If it weren't for the teamwork between both parties, we may not have succeeded with this project in such an innovative and efficient way. This was a huge job to be undertaken and AKD would like to thank Barwon Water for their assistance with this project, of which the benefits will be seen throughout AKD.

- Sophie Ross—*Splinter Team*



SNAPSHOT

ACCOUNTS



9516

Invoices and 595 vendors have been paid in the first 8 months of 2017.

DMC

1,025,575

Boards were ran through the coastal moulder in the month of August (2346 boards per hour)

SAW SHOP



450,000

Teeth have been sharpened with the new vollmer grinder since April 2016.

TECHNICAL

1742km

Combined length of 90x45 boards produced through the coastal planer in August. Enough to reach from Geelong to Brisbane

PURCHASING



4,400,000

Staples used for labels/plastic on packs/stacks in the 16/17 financial year

SALES



Dylan smashed **3 souvalaki's, 6 dim sims & min of chips** in one Fat Friday

Congratulations!

Congratulations to the following staff on reaching a milestone this Aug – Sept 2017

Employee		Start Date	Yrs Service
Jon	Warton	22/09/1987	30
Lionel	Pevitt	3/08/1992	25
Philip	Norman	18/08/1997	20
Jeffrey	Clarke	9/09/2002	15
Darryl	Mirre	2/08/2007	10
Luke	Wilson	2/08/2012	5
Terry	Dumbleton	08/08/2012	5
Daniel	Matua	20/08/2012	5
Shane	McKenzie	10/09/2012	5
Dan	Delahunty	26/09/2012	5

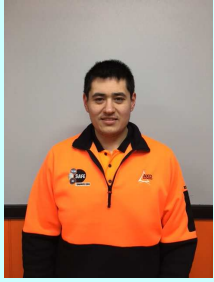
FUN FACTS



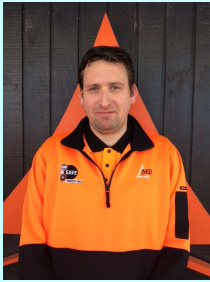
- Richmond Tigers hold the longest existing drought without a place in the Grand Final (34 years).
- The Grand Final has been played at the MCG in all but nine years since the VFL started in 1896.
- Geelong's win by 119 points against Port Adelaide in 2007 is the biggest winning margin ever.
- There have been three drawn Grand Finals in history, the last being in 2010. Since then, the AFL have ruled that in the result of a tie after full-time, extra-time will be played instead of a replay the next week.
- Collingwood Football Club has played in 43 Grand Finals, the most of any team (inc. two replays- 1977 and 2010).
- They have won the Premiership 15 times and Runners Up another 23 times.
- Michael Tuck (Hawthorn) has played in a record 11 Grand Finals, winning an unprecedented 7 times.
- The 1970 Grand Final between Carlton and Collingwood holds the record for the highest attended AFL game with 121,696 spectators pouring through the gates and see Carlton come back from a 44-point half-time deficit to win. The biggest half-time comeback in Grand Final history.
- The Western Bulldogs won the Premiership from 7th position in 2016 defeating the 1st placed Sydney Swans, the lowest ladder position of the Premiers in history.

- New Employees - WELCOME TO THE TEAM

AKD welcomed these new employees in August-September 2017 and encourages everyone to make them feel welcome and work together to keep them safe. New employees are encouraged to ask a lot of questions, so please help them out..



Lawson Gratton
IRR



Paul Coneely
IRR



Chris Barber
DMC



Tiffany Granger
IT



Jye Thompson
DMC



Damian Kahle
RMC



Damon Wetemans
DMC



Andrew Stevens
DMC



Stephen Keown
RMC



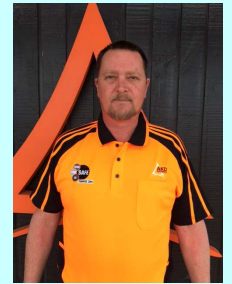
Tim Csolle
RMC



Ash Wade
RMC



Rabin Tamang
RMC



Paul Suckling
Log Sort



**Brett
Williamson
\$300**



**Luke Day
\$200**



**Jaden Angus
\$100**



**Congratulations
to the winners and
thank you for everyone
who participated**

Winners—Please collect your
prize from Rachelle in the
main office



Hardhat Rollout

We have been working with the AKD OH&S department and several suppliers on new hardhats for employees at AKD. These items have now been ordered and will arrive early in October 2017. The hardhats will be white in colour and are Australian made. They will feature the AKD logo printed on the front with reflective tape over the top and on the back to increase employee visibility, especially at night.

We will also have dedicated visitor hardhats. These will be orange in colour, feature the AKD logo, reflective tape over the top, and will be printed with VISITOR on the back of the helmets. The difference in colour will help identify those onsite who do not work for AKD and may be less aware of their surroundings than the rest of us.

Coupled with the new hardhats will be all new earmuffs. We will be using quality 3M Peltor hardhat attachable products, including standard, listen only and full radio (with microphone) earmuffs. We have undertaken noise testing on site and all earmuffs will exceed AKD's hearing protection requirements regardless of the area you work.

This is a significant investment by AKD in protecting its employees with high quality PPE items. The earmuffs will also be available early October 2017.

- Glenn Lacny, *Purchasing Supervisor*



Not 1, but 2 departments reach significant safety milestones!!

To be able to report that one of my departments has reached 1 year without a Lost Time Injury is fantastic....but to report that this has occurred in two of my departments is absolutely amazing! The EWP department, which includes the Paul Docker, Linares Moulder and Finger Jointer, clocked over 12 months without a Lost Time Injury on Thursday the 3rd of August and the Treatment Plant reached 12 months on Wednesday August 16.

This is a great achievement from both departments as we continue to strive towards a **Zero Harm** workplace.

We still have improvements to make, but with small steps and a whole lot of team work, I truly believe this is achievable. We can do it for one year, why can't we do it for another year? Above is a picture of the team celebrating their achievement over a nice 'healthy' Subway lunch. I would like to congratulate the teams on this tremendous achievement – keep up the great work!

- Stephen Baudinette, *Production Manager —Further Processing*





Making safety visible!

As we continue to improve safety, our forklift fleet is in the process of being fitted with the Blue & Red Spot Warning Lights.

This is a great forklift safety feature. The lights are designed to go on the front & rear of the forklifts and provides a bright blue & red spot to warn other forklifts and pedestrians of the oncoming traffic. It is perfect for areas with blind spots, tight corners and heavy vehicle and pedestrian traffic.

If you see a blue or red light approaching – **take care, a forklift is nearby.**



Taking safety to new 'heights'...

We recently identified opportunities for improvements for personnel that are required to access roof structures when performing work.

A number of our structures did not have a safe, designated access point. We have now added in compliant access and anchor points.

After reviewing these areas, an assessment was made regarding frequency of access; if access could be done using an alternate way (i.e. boom lift) & priority list was established.

Work (lead by Paul Muscat) commenced to provide safe and compliant access points.



I failed a Health and Safety course at work today.

One of the questions was: "In the event of a fire, what steps would you take?"

"Big Ones" was apparently the wrong answer!

Plant Safety Awareness:

We have been rolling out Plant Safety Awareness to our SIG's (Safety Improvement Group), Supervisors/Managers and members of our RMC Department to further enhance their understanding of Plant Safety – particularly machine guarding.

Feedback regarding the sessions has been extremely positive and will provide them with an important skillset and knowledge base, which will help us with our overall goal of **'Towards Zero'**.



IT'S TIME TO SHARPEN YOUR COLOUR PENCILS!

Have you handed in your kids colouring competition drawings to the main office?

Closing date: 31st Oct 17

This is 'grate' to see....

As part of our hazard identification program and continuous improvement, the Irrewarra department has an action plan in place to fill in areas with grating to eliminate the need for employees having to step up and over chain runners – this will improve the working environment and the safety of our employees.



Forestry Industry innovation AWARDS 2017 WINNER



You may have noticed there is no 'CEO Corner' in this Splinter edition. Unfortunately, Shane has recently experienced an unexpected family health issue. At AKD, we understand that family takes priority therefore we encourage Shane to be with his loved ones and send our best wishes.

In true team spirit, David McGinness is pleased to step in and share some recent news on an excellent AKD achievement – winning the 2017 Forest Industry Innovation Award!

AKD is proud to be the winner of the inaugural AFPA 2017 Innovation in Business Award. The award was presented in front of 500 attendees at the Australian Forest Products Association Gala Dinner, held in the Great Hall of Parliament House Canberra.

The award recognised AKD for innovation and continuous improvement over the past two years. Our achievements have been significant and well worth reflecting upon.

Over the past 5 years the management team, have introduced a culture of continuous improvement within the company. Over 300 employees have received nationally accredited training focused on problem solving and process improvement with the last 100 completing this year. The results of this have been seen in day to day operations and in analysis and implementation of major projects.

In 2015, AKD commissioned Continuous Drying Kilns (CDKs) at our Colac site. This was a first for Australian sawmilling. The CDKs have increased energy efficiency by 30% and reduced water use by 20ML per annum. Through continual monitoring and process tuning, product quality and throughput have improved. Further to this, we have introduced in-house developed timber inventory management techniques to improve timber quality. This has contributed significantly to reduced downtime in the Drymill due to board bow and twist and greater grade recovery of finished product.

In 2016, we completed the second stage of upgrades at our Irrewarra mill. This saw the installation of new generation Gang Saw technology. This, coupled with earlier upgrades, has seen recovery increase by 7% and throughput almost double, thereby increasing AKDs overall capacity by 25%. With efforts of a dedicated production team the mill has continued to increase performance and in the last financial year out performed budget expectations.

In early 2016, we also completed an upgrade to our Dry mill at Colac. Plant recognised as the cause of high downtime was removed and replaced, streamlining board handling. A new "GoldenEye" scanner was also installed in the Drymill, replacing an existing older model. Again, since commissioning, we have seen continuous improvement culminating in the Drymill out performing budget in the last 12 months.

Over the past two years we have been planning our largest project ever, a new \$30m saw line for our Colac mill. The project is underway, with the new saw line expected to be operational from February 2018. This will see us having the most modern saw mill in Australia. Our project team has implemented 3D modelling technology, which has enabled us to review and resolve potential issues before plant is constructed or installed. The project will deliver improved recovery and provide 50% increased production capacity. This is a significant step in ensuring that we remain internationally competitive well into the future.

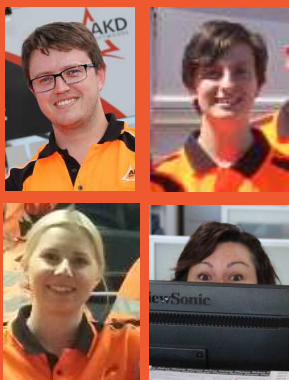
For the most part of our history, we have kept a low profile whilst continuing to expand and improve our operations. We have grown to the point now that we are the largest softwood sawmill in Victoria and are recognised as an industry leader in the application of new technology and equipment within our processing facilities. With this in mind, and in our 60th year of operation, I believe that AKD Softwoods is a worthy recipient of the award.

Thanks everyone for a great team result!

- David McGinness, Chief Risk Officer



Thank you



Thankyou to the
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- | | |
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