

# e-Communicator

Newsletter designed for all Wagner Asia Employees

EDITION 3. May 2011

Wagner Asia Equipment LLC

Wagner Asia Automotive LLC

Wagner Asia Leasing LLC

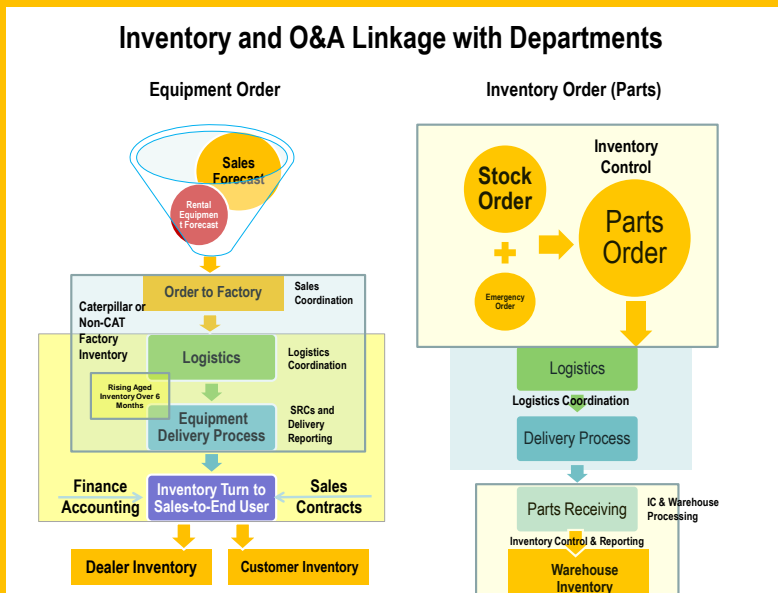
Shandong Equipment LLC

## Inventory Control Team

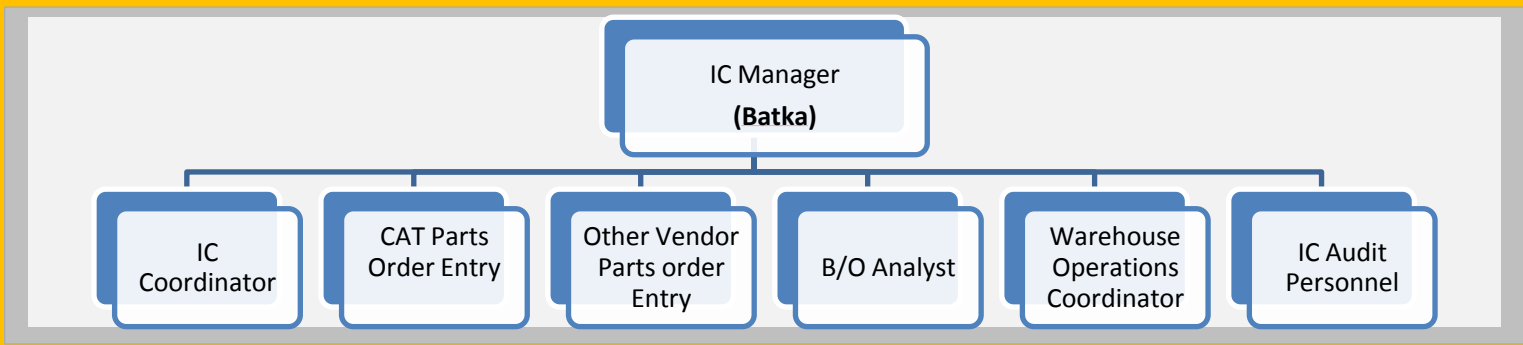
Inventory Control Team was established in December 2010, and now operates with 9 employees; Inventory control coordinator Munkhbat, Parts order entry clerk Ariunsuren, NonCat parts order entry clerk Battsetseg, Back order specialist Tsolmon, Inventory control auditor Gerelsuren, New parts analyst Baterdene, Global mining equipment inventory control Uuganaa, Warehouse operations coordinator Uuriintsolmon and Inventory Control Manager Battsoqt. The goal of the team is to supervise supply, storage and accessibility of items in order to insure an adequate supply without excessive oversupply. In 2010 our IC team has been ordered over million \$ Cat parts and over 600,000\$ worth of Non cat parts. The department is working on improvement of Inventory Control, bringing current IC to higher standards, managing its issues by developing own strategies with own group of people, increasing Inventory Turnover and working closer together with related people to achieve better results.

Inventory	CAT parts	Other vendor
Month	Line items	Line items
Mar-11	13414	2743
Feb-11	13456	2678
Jan-11	13084	2677
Dec-10	15016	2730
Nov-10	14945	2501
Oct-10	15156	2902
Sep-10	14879	3046
Aug-10	15009	3193
<b>Average :</b>	<b>14370</b>	<b>2809</b>
<b>Order Items</b>	<b>CAT parts</b>	<b>Other vendor</b>
<b>Monthly</b>	<b>Line items</b>	<b>Line items</b>
<b>Average :</b>	<b>2133</b>	<b>293</b>

## O&A Department (Inventory Control and Logistics Coordination)



Operation and Administration Department is headed by O&A Manager Erdentuya and consists from two groups handling the Inventory Control and Logistics Coordination for Wagner Asia. The cumbersome parts operation and parts stocking are based on precise Inventory Control System, and Logistics Team is handling a huge logistics for importation and international and domestic freights. What does mean an Inventory Control? Briefly it is to develop a whole new Inventory system to have the right parts, in the right place, and at the right time, find out a way to manage and/or organize this new parts inventory, increase Inventory Turnover and Decrease Air Freight Charges.



# News

## Departments

### Wagner Asia's Logistics Department (Freight, Shipment, Transportation)

Wagner Asia's Logistics Department formed in November 2008 and operates now with total 9 Wagner Asia employees, 1 Logistics Manager - Gerel, 2 sales coordinators, 3 customs coordinators, 1 customs clerk, 1 logistics coordinator and 1 in-country logistics coordinator. The goal of this small department is make Supply Chain and Logistics Operation more integrated, efficient and effective for three companies Wagner Asia Equipment LLC, Wagner Asia Automotive and Shandong Equipment LLC.

**The duties of Logistics department is to coordinate international freight forwarding, importation and exportation of goods**

- Provide Sales coordination, Logistical studies, Tracking and Tracing
- Handle Emergency air and ocean services, coordinate cargo shipment via ocean freight, land transportation and air freight Cargo space booking, On-time solutions
- Handle Dangerous and perishable cargoes, Handling logistics for valuable goods and special commodities, Consolidations, and Risk calculation
- Handle Sea transportation, Rail transportation, Road transportation, Road surveys
- Customs documentation and clearance, Vendor expediting and documentation Warehousing (Customs bonded)

### Wagner Asia's Annual Logistics Performance

No	Shipping Mode	Quantity (Year)	Monthly	Yearly
1	Air freights (Express, Danzas)	192	3,280 kgs	52,480 kgs
2	Ocean freights (bulk and heavy eq)	420	35-39 pcs	
3	Container shipments (20' & 40' Ft)	524	1,520 cu.m.	21,000 cu.m.
4	In country transportation (by truck hauling)	930	32,825 kms	30,527,250 kms
5	Custom Clearance Procedure	3252	246	

**Identify, develop and plan for a safe and most economic mean of transportation, provide solutions for HL & ODC items**

- Consult with inter departments and vendors on most economic and efficient mode of transportation, provide phases and design of transportations
- Provide cargo, route, rail, equipment and site surveys worldwide (where required)
- Identify, qualify and select best suitable subcontractors for the respective elements of the Logistics chain
- Review & approve of transport plans (method statements provided by the subcontractors)
- Conduct transportation and on site supervision
- Conduct Pre-shipment (Pre-delivery) meetings with sales and rental representatives.
- Maintain subcontractors database including performance records

Wagner Asia Logistics Department handles importation of products, components, parts, and miscellaneous goods manufactured in 36 different facilities from 69 locations around the globe.

### Wagner Asia's World Map of Supply Chain

We have 38 Different out of the country Suppliers

Handle importation of goods from 21 different countries



# News

Non Cat (AGCO News)

## Nar Toson Development Project

Wagner Asia has successfully participated in “Nar Tosson hugjil” day event of the “Khalkh Gol” project in the Khalkh Gol Soum of Dornod aimag. The event was organized by the Ministry of Food, Agriculture and Light industry. The “**Khalkh Gol Project**” is a Government Program, initiated in 2010; the project duration is for 7 years during 2010 – 2016. Project is aiming to increase national crop production, improve both food supply and food safety and decrease import dependency of major foods. The total twenty three base researches have been carried out and 191.773 ha land has been identified as suitable for Crop Production in the eastern “Dornod” aimag.



Visit to our Agricultural Customer “Munkh Tal LLC” in Dornod Aimag, Khalkh Gol Soum. Munkh Tal LLC is engaged in crop production, producing wheat.



During this spring agricultural event in the eastern province, we made contacts with seven new farm customers. These are MAC, Munkh Tal LLC, Uizen Tal, Bulagtai, Altai Guril, Khalkh buudain Tsatsal and Altai Group. Altai Group Company jointly with Munkh Tal LLC will harvest and cultivate approximately 40 000 ha of land. The participation in the “Nar Tosson Development” day event generated us new potential customers’ base, which turned to signing up sales agreements with Munkh Tal and Altai Group. The potential deal will include the lease of Challenger agricultural tractors MT965C - 540hp, tillage equipment SF1540 and FK3070 are leased to Altai Group LLC, in Dornod Aimakh on Wednesday, May-18, 2011. We also provided rentals for Used Agco tractor MT665B for 100m/hrs work for Munkh Tal LLC. The two companies will lease Challenger agricultural CH670 and Sprae Coupe from the beginning of June, 2011.

Wagner Asia’s agricultural sales team consists of two people, Mr. Chuluun – New AGCO Sales Manager and Enkhtuvshin is our AGCO sales representative. Their goal is to provide to Farm Companies and customers with latest technology and modern Agricultural Equipment such as agricultural tractors of Challenger brand, spayers, harvesting, combines and tillage equipment.



Agco Sales Manager Ts. Chullun is introducing Wagner Asia AGCO Business to The Mongolian Prime Minister Sukhbaataryn Batbold.

# News

## All Companies (Rentals)



**On May 20 – 23<sup>rd</sup>, 2011** the “Coordinate Info LLC” with Ulaanbaatar City Council organized an Annual Construction Expo with a purpose to introduce Year-2011 Construction Development in Mongolia and to implement the governmental program under the slogan of “New Developments”. Wagner Asia Equipment LLC’s Rental department has successfully participated at this event as a one of key construction equipment provider. We have located the Cat Rental Store construction equipment at demo site of the Misheel Expo Center. Wagner Asia the Cat Rental Store Exposition attracted most of participants and generated a number of leads. Total 60 companies related to construction field participated at the expo. The expo was held for 3 days at Misheel Center and we introduced our Genie, Sullair, Thawzall, Miller, MQ, and other non-CAT and Small Caterpillar construction equipment.

## Mongolian Spring CON-EXPO at Micheel Center...



Expo opening ceremony was started by the speech of Ulaanbaatar City Mayer, Munkhbayar, and Minister of Road, Transportation and Urban Development, Battulga. This event has given a good opportunity to introduce our rental business to wider customers and given them a chance to look at our rental equipment performance visually with descriptive explanations of equipment.

## Genie Aerial equipment and Thawzall at Con-Expo...



Our Rental Influencers Erkhembayar, Gantulga, Urandush and Advertisement & Promotion Coordinator Altanzul actively participated at the event on this weekend. May 23, 2011, Ulaanbaatar, Mongolia.

**Wagner Asia Rents. We Rent More than Just Cat!**

# Development and Training

## Cat<sup>®</sup> S.O.S<sup>SM</sup> Services



When a patient goes to a Doctor to diagnose his health condition, a doctor asks first thing to go and take a blood analysis. Compare to human body health condition, **S.O.S. lab** is simply meaning to monitor your equipment health condition with sophisticated Cat S.O.S. fluids analysis lab program. At **Wagner Asia's S.O.S. lab** is committed to early detection of mechanical problems in order to prevent costly failures and extend the life of your equipment. Regular oil and coolant testing are excellent tools to help detect impending system failures and ensure that your equipment is being protected.

### What is Cat S.O.S. Services?

The Cat equipment is built to deliver highest possible performance throughout their production life. S.O.S Services help to maintain the performance of your equipment throughout its life cycle. S.O.S. analysis is designed to identify problems before they become major repairs. Earlier detection is the key to reducing machine downtime and increasing productivity. Performance losses and major repairs of lubricated compartments can often be avoided by monitoring fluid samples. Overall, you will get more work done at a lower cost and have equipment worth more at trade-in or sale. S.O.S. Services results are presented in a clear, concise easy to understand reports. Trained personnel provide a specific recommendations and immediate actions. Recommendations with alert level allow quickly review most critical components, optimize maintenance schedule, and optimize component life.



### S.O.S Services Web

With CAT S.O.S Services Web Customers can view and analyze fluid sample information on line-anywhere and anytime you have an internet connection. Sample results, evaluations and history are available to the authorized user.

### S.O.S<sup>SM</sup> SERVICES TESTS

- Wear metal analysis
- Oil condition analysis
- Oil cleanliness analysis
- Oil contamination analysis
- Trend analysis



# Safety First

During May we did Safety demonstration for working at height for all our facility's cleaning crew. They put on safety harnesses and were shown how to work safely above 2 meters. The ladies had an opportunity to put on the safety harnesses along with a safety instructor went up about 6 meters in the air.



## WAE New Safety Manager

**Name:** Ganzorig Batchuluun

**Family:** Married, Have 3 children

**Education:**

-Trainer & Safety Officer / Mongolian OSHA training course center /  
-Occupation in Health and Safety / Mongolian University of Science and Technology School/

**Work experience:** /2008-2011/

- HSESF – Department Manager / Drilling & Exploration, Construction, Transport, Trade company/
- Safety Brand Manager / MSM LLC/
- Safety Coordinator, Safety Officer / South Gobi Sands.LLC/



Wagner Asia conducted its first aid training class with the Mongolian Red Cross Chingeltei District. All first aid students were trained for 5 days on first aid emergencies. Each graduate of the of the class received a red cross training card, red cross pin and first aid booklet. These first aid students will serve as WAE's first trainers in first aid and will be conducting each department for first aid training. Please contact any of the first aid graduates if you need their services.

**“Safety First, Safety Foremost!”.**  
**Glen Cronan.**



# Human Resources

## Employee Retirement Saving Program (ERSP)

Success of Wagner Asia equipment LLC holds in our employees is the priority of the company. With the effort to retain our employees in the company and to demonstrate that we value them, the Employee Retention Savings Plan had launched.

### Who can participate?

All employees can welcome to this plan who are completed their 3 months probation period (90 days). Accordingly the employee can participate on their voluntary basis from the first month of their permanent employment status. An employee, who wants to participate in the plan, shall not be covered by any other Wagner Sponsored Retirement Plan. Participation is month following submission of the Retention plan contribution agreement form.

### What does Employee Retention Saving Plan means for us?

ERSP is the saving Fund created under employee's name if an employee decides on voluntary basis to sign up for the plan. It is joint savings plan contributed by both an employee participant and company. An employee can choose percentage ratio that would like to put in his savings fund up to 10% of the employee's monthly gross income, including incentives, commissions, 13 th paycheck (if any) and overtime. In return, the company contributes to the fund are based on "after tax dollars" and will be calculated as( dollar to dollar , up to 5 percent and 0.5 dollar for dollar ,for next 5 percent), which is taxable amount.

### What are the conditions?

Based on initial employment date, participants will be vested in the Company's matching contribution according to the following schedule. Savings funds are not accessible to employees while they are employed by the company Participants may only access to their ERSP accumulation after termination of their employment or upon reaching statutory retirement age. Upon retirement or employment termination, the company will distribute the accumulated ERSP funds as lump sum to the participant

Wagner Company Contribution to ERSP depends on percentage of employee own contribution.

Employee's contribution% of employee's gross wage	WAE contribution % of employee's gross wage
10%	7.5%
9%	7.0%
8%	6.5%
7%	6.0%
6%	5.5%
5%	5.0%
4%	4.0%
3%	3.0%
2%	2.0%
1%	1.0%

ERSP Fund is monitored by ERSP Management Committee that established to oversee ERSP program. The committee consists of 5 members that were voted by employees.

Employee gets ERSP from Wagner Contribution depends on working years of Employment at Wagner Asia.

Years of service	Vested amount
Less than 3 years	0%
3 years	20%
4 years	60%
5 years	70%
6 years	80%
7 years	90%
8 years & more	100%

**Total ERSP employees are now 247**

**Rate is 52 %**

**Eligible for ERSP 467 employees**

# Employee Profile

## Job Promotions in 2011

	Name	Position	Department	Effective date	Month
1	BATSUURI Choijildorj	In-Country Logistics Coordinator	O&A department	14 <sup>th</sup> of Feb, 2011	February
2	ENKHTUVSHIN Gavaa	AGCO-Sales Product Manager	Sales department	15 <sup>th</sup> of Feb, 2011	
3	ULZIISAIKHAN	Darkhan-Rental Store Manager	Rental department	15 <sup>th</sup> of Feb, 2011	
4	DAVID RUSH	INFORMATION TECHNOLOGY MANAGER	Accounting department	31st of Jan, 2011	
5	ENKHTUYA SUKH	MARKETING MANAGER	Marketing department	1st of March, 2011	March
6	BAT-ERDENE Chuluunkhuu	New Machine Parts Specialist	Inventory Control team of O&A department	21 <sup>st</sup> Mar, 2011	
7	MENDBAYAR Bayanzurkh	Lead Service Clerk	O&A department	26th Mar, 2011	
8	MUNGUNTSOOJ Enkhjargal	Entry level - IT Coordinator	IT team of Financial department	22 <sup>nd</sup> Mar, 2011	
9	GANCHIMEG Buuveibaatar	MARKET ANALYST	Marketing department	21 <sup>st</sup> Mar, 2011	
10	UNDRAM Boldbat	SALES COORDINATOR	Sales department of WAA LLC	16th Mar, 2011	
11	LKHAGVAGARAV Ganbold	MAINTENANCE SUPERVISOR at UHG site	Service department	26 <sup>th</sup> Feb, 2011	
12	TSETSEGJARGAL Bat-Erdene	SALES COORDINATOR	Sales department of WAE LLC	10 <sup>th</sup> Mar, 2011	
13	KHALIUN Tsendsuren	EXECUTIVE ADMINISTRATIVE ASSISTANT	Admin department	10 <sup>th</sup> Mar, 2011	
14	MANDAKH Dugersuren	NPI/ TECHNICAL SUPPORT MANAGER	PS Commercial department	10 <sup>th</sup> of Mar, 2011	
15	ALTANTSOG Bor	PROJECT MANAGER/ PSSR of OT MINE SITE	PS Commercial department	1 <sup>st</sup> of Mar, 2011	
16	SERGELENBAT Munkhnasan	POWER SYSTEMS SERVICE MANAGER	Service department	1 <sup>st</sup> of Mar, 2011	
17	SALIMA BOLOR-ERDENE	BRAND IDENTITY COORDINATOR	Marketing department	1 <sup>st</sup> of Mar, 2011	
18	CHINBOLD PERLEE	SALES SUPPORT MANAGER	Sales department	1 <sup>st</sup> of March, 2011	
19	NYAMSUREN Khasbat	GENERAL MANAGER of Wagner Asia Leasing LLC		26 <sup>th</sup> of Apr, 2011	April
20	TUVSHINBAATAR Sukhbat	PROJECT MANAGER/ PSSR of KHUSHUUT MINE SITE	PS Commercial department	7 <sup>th</sup> of Apr, 2011	
21	MUNKHBAATAR Amarjargal	Credit Supervisor	Financial department	26 <sup>th</sup> Mar, 2011	
22	ERKHEMBAYAR Luvsandorj	Rental Influencer	Rental department	27 <sup>th</sup> Mar, 2011	
23	LKHAGVASUREN Yalalt	Customs Coordinator		17 <sup>th</sup> of May, 2011	May
24	NANDINZUL Dashraqchaa	Asset Coordinator		26 <sup>th</sup> of May, 2011	
25	NARANGEREL Luvsan	Internal Auditor		26th of May, 2011	
26	KHANDSUREN Dashtseren	Chief Accountant of WAL LLC		26th of May, 2011.	
27	GERELTUYA Bat-Erdene	Chief Accountant of SE LLC		26 <sup>th</sup> of May, 2011	