



EMPOWERED FOR SERVICE

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From the pen of the CEO

Savcio has turned five. It is amazing how years fly by. As I said in the newsletter last December, it seems like we will be with our consortium shareholders for some time to come as no decision has yet been made on the timing of any sale process. So we are carrying on now with the business with only one thing in mind; keeping Savcio a great company, with great people, continuously looking for new opportunities. Our biggest asset is forward thinking people pushing boundaries and creating leverage.

“Economics is a very difficult subject. I’ve compared it to trying to learn how to repair a car when the engine is running.” Ben Bernanke. But we try, so here it goes...During 2010 our economy, like the whole world, has had some improvement in growth. The 2010 FIFA World Cup released a month of ‘football fever’ both here and around the world. Many global executives of big engineering companies attended the soccer world cup and were suitably impressed by the way we handled the event. Consumers have remained cautious of incurring debt and the new Credit Control Act is making it difficult to incur debt. Local mining companies are seeing an increase in input costs like electricity and labour, which is forcing them to become much more aggressive in commercial negotiation. State run businesses are paralysed by leadership crises and PRASA, the commuter rail operator has run out of funds. All of these pressures made 2010 a very tough year.

There is some other good news on the economic front! SA inflation has dropped down to a low of 3.2% from a high of 13% in September 2008. The Rand has strengthened to below R7/\$ (which will hold inflation down) and the Reserve Bank has dropped interest rates with the prime overdraft now at 9%. But brace yourselves for a tough start to 2011. The good news is that after every storm there is a rainbow, so at least we all have something to look forward to!

For Savcio the past year has seen its highs and lows. Like all businesses we are continually faced with a changing environment and it has been a tough challenge for management to deliver a year which did not reflect negative growth. Some of the highlights were:

- The year saw LHM Denver finishing off their capital projects. Denver had a magnificent year financially. They generated huge cash as well as outperformed in softer SHEQ issues, despite once again having a lot of rework and technical problems for another year. I think Altino da Silva and the management team managed some of the challenges exceptionally.
- R&M Benoni continued to feel the effects of the restructuring in Transnet, however benefitted from a large capital order from Anglocoal which enabled R&M to have a fantastic year. Distributing products to Australia and Canada has also been initiated. Terry Lawrenson and his team have pulled off a very good year after a very quiet 2009.
- M&C Cleveland, as predicted, despite a very nice Sasol Turbo Rotor repair, has had a tough year. Richard Botton together with Richard Lovemoore has also managed the Rustenburg facility, ex Temso, back into profitability without significant rationalization. With the South African market being fairly over traded M&C are scouring Africa for projects. If one or

two of these come through in 2011 we should have a good year.

- Wilec’s expanded transformer business continues to grow from strength to strength. New machinery has been put in place and the warehouse and converting area reorganised. Over the last 6-7 years the transformer business has grown by 8 times and are now market leaders. New auxiliary products have been sourced from Italy and China. The industrial division, which was relocated to a new site, has lost its way during the year. However with concentrated effort from all parties we should see a better 2011. David Broom’s management has had a tough year in an environment where customers are cash strapped and demand is weak. We applaud their efforts to excel.
- Transwire’s traditional markets were very quiet over the past year. Certain trends in the market created a need for something different. Paul Mateus and the team are now fully occupied accessing the markets for earth strap, busbar and other copper strip based products to fill the gaps left by traditional market slowdowns.
- We have made two acquisitions in Cape Town; hydron Hydraulic and Electrowave Cape which is positioning the business as a turnkey electro-mechanical service provider, poised for growth into the oil and gas industry. They have been very busy with the FDS, a pipe laying vessel from Saipem. Our recent visits to West/Central Africa have shown a high demand for hydraulic services and potential opportunities for additional hydron operations. The challenge facing us is to keep up with SAVCIO Energy’s growth strategy and make sure that at the end of the day we have the required resources to deliver in terms of competent and qualified personnel.
- We recognize and appreciate all the hard work done at LHM Cape Town, Metalplus, M&C Welkom, LHM Phalaborwa, LHM Durban (transformer capacity) and the skills development centre. Also not forgetting those who provide the unappreciated head office service, 2010 was tough but we did not decline; we excelled!!!
- Finally our company DIFR was 1.0 in September; we have achieved 5 Star NOSA performances in many operations and have a whole new focus on security.

It looks like the next financial year will bring new opportunities and challenges in a global environment which has changed fearsomely and will never be the same again. We are going to have to continue to focus on Cash, Costs and Customers. There will be fun times but also hard and challenging times. We rely on you to make our newsletter indicative of our company. Please come back with comments and suggestions to us. The newsletter e-mail address is indaba@savcio.co.za.

Remember our credo is “Empowered for Service” which we agreed meant:

“We have the knowledge and power to give the service”

Once again thanks for your efforts in 2010, have a glorious festive season and good luck for 2011. Most importantly keep a balanced life.

ROBERT SPOON



LHMarthinusen Cape Town receives an SABS award

At the recent SABS award function held at the Castle Kyalami, LHM Cape Town were awarded a certificate of recognition as well as a trophy for commitment and compliance to the SABS quality management system certification scheme.

This reward is not only well deserved but it also gives recognition to the management team's continual commitment to deliver a product of

high quality which conforms to high standards of the SABS for the past 20 years from 1990 to 2010.

Andre Maree the General Manager of LHM Cape Town received the award from the CEO of the SABS, Dr Boni Mehlomakulu.

MERVYN NAIDOO



LHMarthinusen Durban Invests in High Tech Tan Delta Equipment

LHM Durban is proud to announce our new State of the art, Tan Delta test equipment "**MIDAS TETTEX MOBILE DIAGNOSTIC ANALYZING INSTRUMENT, TYPE 2880-2881.**" Whilst LHM has been offering this service to our customers with HV motors and Turbo Alternators, our original equipment used has become unreliable and also very bulky as well as impractical to transport.

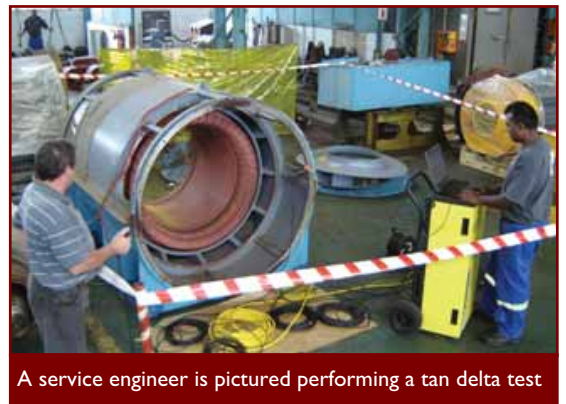
With the new Tan Delta analyzing instrument, we only have

one single compact unit to transport with a laptop computer and software that drives the complete test procedure, producing comprehensive test reports. With this our customer has the advantage of monitoring the status of their equipment over time. This enables the customer to identify potential failures and will allow equipment to be repaired on a proactive planned basis and thereby allow the implementation of a predictive maintenance philosophy.

JAMES BODDY



Picture of the Tan Delta Test set



A service engineer is pictured performing a tan delta test



The Comem range is a welcome addition to the local market

WILEC - Great Expectations

Local energy product specialist, Wilec, has been chosen as the agency to supply Comem insulation materials for the transformer industry in South Africa. The range was launched in September this year. As a specialist in this industry, it was a natural progression for Wilec to go over to transformer fittings as it dovetails perfectly with the rest of our product offering.

Wilec will initially stock Buchholz relays, pressure relief valves, oil level indicators and a variety of insulators for both AC and DC applications, with plans to expand the range as demand increases. Comem is an ABB-approved supplier with support in Europe, the Middle East, the Far East, Australia and the Americas, as well as a strong foothold in the local market. It has also found favour with companies such as Schneider Electric, Areva, VA Tech, Siemens and Nexas.

The products will be directed at all transformer repair customers and OEMs on oil fill transformers and dry-type transformers. The reaction from the local market has been overwhelmingly positive with industry members seeing this as a beneficial development for the market in terms of service level improvement. Wilec has an excellent reputation for its service performance.

The company has hosted a customer day in October to introduce the items available. Wilec will also maintain ongoing communications with relevant engineering departments to establish their needs and ensure that these are met at the right price. "We have assembled a strong marketing team with a focus on sales experts who have experience in the industry."

ANDREW CORBETT



WILEC – on the Road Again

Most sales professionals are quick to extol the virtues of the items they are marketing, but not all of them can say that they've ever truly had to rely on them. When Chris Stockwell, Sales Manager at Wilec, found himself stuck on the side of the highway recently, it gave him the opportunity to test the mettle of one of the company's latest product acquisitions, Arlon self-fusing silicone tape.

"I was on my way to work during rush hour traffic when I realised that something was wrong with my car," Chris says. "The smell was overwhelming and when I opened the bonnet it was like a musical fountain; fuel sprayed everywhere!"

Upon investigation, Chris discovered that the interleading pipe between the pump, filter and the inlet to the common rail had ruptured. "I thought I was snookered," he admits. "I called a colleague who travels the same route to work and he said he was about half an hour behind me and would meet me on the highway shortly."

Not one to sit about and wait to be rescued, Chris remembered the pack of Arlon self-fusing tape in his toolbox and had a moment of inspiration. "I removed the broken pipe, bound it with a half-lapped layer of the tape and tested it to see if any fuel leaked out. The tape held firm, so I re-installed the pipe and drove to work."

Some might consider this a risky move in heavy traffic, but Chris was confident that the tape wouldn't let him down. "The beauty of Arlon is that it's not an adhesive – it literally fuses to itself. If you attach one piece of the tape to another, the chains of silicone on the surface will fuse together. Within an hour the material will be chemically linked. If you try to pull it apart, you'll end up tearing right through the tape."

Returning to the office, Chris called his automotive dealer, who came through to retrieve the vehicle. "The tape had saved the day," he beams. "Not only had it sealed the leak, but there was no damage to the pipe or the engine. It came off smoothly, leaving no melted material on the engine at all."

These features have won Arlon acclaim beyond the realm of roadside rescue. Although Wilec has targeted the material at a range of electrical applications, it is also extensively used in fields such as transportation and power generation, as well as consumer tasks like plumbing.

"I'll definitely be happy to recommend this to clients now," says Chris in conclusion. "Frankly, I think every toolbox should include a roll of it."

PAUL SENIOR



The range of Arlon self-fusing silicone tape



DIY Roadside assistance! Chris Stockwell of Wilec beside the vehicle he repaired with his Arlon tape

Martin Slabber – LHMarthinusen Cape Town

Just a few months ago Martin Slabber (aged 39), a Project Manager at LHMarthinusen Cape Town, was living a healthy life, going to gym and jogging every day. Not once had it crossed his mind that at his age he could end up in hospital with heart failure.

His career and his 11 year old son, Daniel, were what mattered most to him. At the end of July 2010 everything changed when, within a few days after he began feeling tired and having flu-like symptoms, he was admitted to hospital with suspected heart failure.

After being transferred to Christiaan Barnard Memorial Hospital, Martin was diagnosed with an acute infection of the heart muscle and it was assessed that he was in urgent need of a heart transplant. Because of the shortage of organ donors, doctors had to resort to a mechanical, Berlin Heart (artificial heart), to keep him alive during the wait. Martin was kept alive with the artificial heart for 81 days, being a record period in South Africa. Martin had a successful heart transplant on Saturday 6 November and is currently recovering in hospital.

On the few occasions I have visited Martin he has been very positive and just eager to get back to work. We really miss Martin at our workplace and we all keep him in our thoughts and prayers whilst he is recovering from this major operation.

South Africa is lagging badly in organ donation when compared to other countries, as we do not have enough registered donors. Persons wanting to become organ donors can contact the Organ Donor Foundation at 080 022 6611. I would like to encourage people to register as organ donors as this will save lives.

ANDRE MAREE



Marthinusen & Coutts Undertakes a Major Rewind of a 36MW Turbo-Rotor

The Sasol Synfuels (Secunda) 36MW motor rotor was originally removed for a mere inspection and overhaul with the following problems detected on inspection:-

1. The Damper Rings had moved and come into contact with the Coil Retaining Rings during operation. This caused arching between each set of rings on both ends of the rotor, thereby resulting in the replacement of all four rings.
2. The movement of the rotor slot wedges actually caused the Damper Rings to move against the Coil Retaining Rings.
3. The overhang winding blocking was damaged
4. The rotor windings interturn joints were of poor braiding quality with a number of joints broken.
5. Winding Interturn shorts were detected with the use of an RSG test.



The Rotor was completely rewound with the Damper Rings and Coil Retaining Rings replaced. The rotor body and wedges were machined for uniformity in fit, expansion and prevention of wedge movement.



The rotor body was prepared for rewinding and completely rewound with Class F insulation supplied by Wiltec.

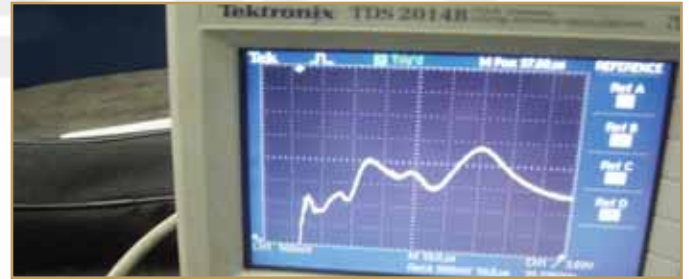


The processes of curing and testing all proved successful during the rewind period and the new CRR's and damper rings were eventually fitted prior to dispatch to site.

CURING OF ROTOR INSULATION



RSG TESTING



The rotor is presently awaiting final balancing before being installed into Unit5 stator and commissioned by Sasol Synfuels personnel.

CAS SULAIMAN

The Savcio Family Grows



Daughter of Moipone Mvimbi
LHM Denver



Daughter of Renuka Palsania
Savcio



Son of Shaun Glass
Metalplus



Excavation work



Steel reinforcement



Pouring of concrete

Metalplus Undergoes Major Capital Expansion

Metalplus' footprint continues to grow and the recent acquisition of a 13 metre between centres Poreba lathe is proof of our buoyancy in a suppressed market. We attribute the growth of the company to its readiness to deliver what our customers want, where and when, they need it.

We feel that this is the best possible time to outfit our machine shop in order to take on new business. We looked at our customers future requirements and decided that a heavy-duty large lathe would be part of our core business. Metalplus can profess to be a one-stop-shop for manufacturing, repair and engineering concerns.

The upgrade of the production facility at Metalplus entails a capital investment of approximately 5 million Rands. This investment allows for the differentiation of Metalplus by migrating the business from the medium to large mechanical engineering capability. The proposed changes would give Metalplus a competitive edge in the market place due to enhanced capability.

We were very fortunate to stumble across this magnificent lathe locally and negotiations to acquire this 2004 model started just after the end of the 2010 World Cup.

It was not easy sourcing the lathe, it was a whole new challenge that developed into a full scale project with various difficulties such as positioning this enormous machine of 25 metres total length and weighing 44 tons into our already crowded workshop. This project also entailed sourcing a new crane to increase the lifting capacity of the components to be manufactured / repaired on this lathe.

However the single most difficult thing was the foundation required for this massive lathe which had to be completed without disrupting production. Work continued amidst the use of noisy jack-hammers breaking concrete, excavation of the hole, removal of tons and tons of rubble taking place in our middle bay. The placing of 5.2 tons of reinforcing steel and finally the three-part pour of 80 cubic meters of quick setting concrete all in a period of six weeks.

The realization of this whole project will only be concluded by the second week in November. We however anticipate completing the first job on this machine by mid-December. This particular shaft is already in house since September. This development is certainly a milestone transition for Metalplus which facilitates product diversification and poises the business for future growth.

JOSE GOMES



Complete foundation



Picture of the Poreba Lathe



School & Tertiary Bursary Opportunities

The Trustees of the SAVCIO Corporate Social Investment Trust are pleased to announce that a decision has been made to initiate a Bursary Program for children of Historically Disadvantaged Individuals (HDI's) in the SAVCIO Group targeted specifically at the lower income Group.

Disciplines:

All disciplines including school fees for Grades 9 to 12

Minimum Requirements: Grade 8.

The award of bursaries is at Savcio's sole discretion. It must be noted that applications are restricted to registered children of employees of the SAVCIO Group. Bursary awards will be restricted to cases where the parent's income does not exceed a basic wage of R8000 per month and will be capped to a maximum of R3000 per family for school bursaries. The allocation of School bursaries will be on the basis of prior year results. Tertiary bursary amounts will be based on the discretion of Trustees and preference will be given based on prior year's results as **funds are limited**.

All applications must be sent via email or posted to:
James Gabanakgosi (jamesg@savcio.co.za)
SAVCIO HOLDINGS
Postnet Suite 112
Private Bag X4
Bedfordview 2008

The required application form can be obtained from your Human Resources Department and must be fully completed. The following documents must accompany all applications, failing which, the application will be disqualified:

- Both Parents employment details including wage or salary advices.
- 2010 School Results and 2011 course details.

Please note that incomplete application forms will not be considered. The closing date for applications will be 31 January 2011.

MERVYN NAIDOO



Manufacture of 'ButterflyType' Generator Coils

The LHMarthinusen Denver HV Coil manufacturing facility was recently tasked with the design and production of particularly special coils for use in the rewind of a 10MW gas turbine generator stator.

Limited space in the machine meant that the conventional diamond type coil arrangement could not be accommodated due to its significantly longer projections either side of the core. The requirement was therefore to use what is known as a 'butterfly' coil where the projection geometry would allow for the condensed overhangs.

Special multi stage tooling was developed in-house to form and shape the unusual coil profile.

MARK ABBOTT



SAVCIO Security Update

It is quite astonishing to realise that we are reaching the end of 2010. The pace was frantic taking into consideration the intense build up to the 2010 FIFA football spectacular. We have all faithfully supported our favourite teams during this tournament which has so suddenly come and gone. It was however business as usual for us as a group.

We kicked off the year with Internal Security audits having been completed at all Savcio operations between March and May. During these audits certain shortcomings were identified and corrective actions implemented in order to constantly improve the level of security within the group. Follow up audits were done during August, September and October and the results yielded a marked improvement by almost all operations. Congratulations to you all on a job well done !

A number of projects were also launched during 2010, some of which are completed whilst others are still in progress. These are:

- The C.C.T.V project at LH Marthinusen in Denver.
- An innovative lock down Access Control System and the installation of an advanced walk through metal detector at Transwire.
- The new Access Control system implemented at LH Marthinusen in Cape Town.
- The conversion of Stolen vehicle recovery and Fleet Management units from Netstar to Tracker.
- The re-launch of Tip-Offs Anonymous

In order to further substantiate our position in terms of internal security measures we have embarked on a project to establish the Savcio Joint Operations Control Centre (Referred to as "The JOC"). This facility will offer services such as Remote Off Site Monitoring Facilities for CCTV and also serve as an Emergency Control Centre in the event of emergencies and / or other incidents. The JOC will be located in the old Videx building at LH Marthinusen thanks to the commitment of Altino da Silva and his team. The proposed date of commissioning of this facility will be communicated in due course.

In conclusion I wish to express my sincere thanks and appreciation to all Management and staff for their cooperation in our continued efforts to prevent crime. May you and your loved ones experience a wonderful and blessed festive season and for the fortunate ones please drive carefully wherever you may travel during your well earned holidays.

ANDRE GROBBELAAR

Speak up! Blow the horn on...



Let your voice be heard.
24 hours a day. 7 days a week. 365 days a year.

Report wrongdoing to
0800 205 052
Email : savcio@tip-offs.com
Website : www.tip-offs.com

Tip-offs Anonymous® - Southern Africa's leading independent hotline service provider, is designed to help you report workplace dishonesty, while remaining totally anonymous. Tip-offs Anonymous serves as a valuable practical deterrent against dishonest or inappropriate behaviour within your organisation.



Why Celebrate World Aids Day - 1st December

Often we celebrate World Aids Day, 1st December, but few of us really understand why we are getting involved in the activities. World Aids Day started in 1988 in sub-Saharan Africa, as this is the worst HIV/AIDS affected area in the World & it is estimated that the number of people living with HIV in this area has risen from 8 million in 1990 to 33 million today, & it is still growing. Around the World, about 67% of people living with HIV are in sub-Saharan Africa.

South Africa is one of the sub-Saharan countries with the highest number of people infected with HIV/AIDS & therefore World Aids Day should not just be something that is done at work, in the companies, but rather something that is taken up by the people in such a way that it attracts attention to the plight of those in need & that it helps & adds value to those who are infected & affected. World Aids Day is about understanding & respecting those living with HIV / AIDS, about honouring those who we have lost to Aids, as well as understanding the advances that have been made in the fight against HIV/AIDS.

Every year there is a different theme to the fight against HIV/AIDS & this year it is based on "**Universal Access and Human Rights**", which focuses on ensuring that all people have access to treatment & ensuring Human Rights are protected.

Wearing the Red Ribbon shows your support for the fight against HIV/AIDS & should not only be worn once a year, on the 1st December, but should be worn throughout the year to constantly remind us of what we need to be working towards & that the battle for freedom from HIV/AIDS is never over.

This World Aids Day, take a stance, stand up & understand the meaning of why you are remembering those affected & infected with HIV & strive to make a difference in your community or in other people's lives, as it will be the best gift that you can ever give.

DEON GELDENHUYS



Oom Gert Van Der Westhuizen Turns 75

We would like to pay tribute to an industry icon, Gert Van Der Westhuizen who has over the past 20 years been actively involved with skills development in our group.

When Oom Gert (as commonly called by most people) joined LH Marthinusen, on the 1st of September 1990, he was already equipped with qualifications and experience that the industry needed. Among his qualifications, he is a registered assessor with the Merseta. He has further studied at the University of Potchefstroom to complete a National Diploma in Management Sciences. He has also completed a National Diploma in Electrical Engineering.

He has contributed towards the writing of numerous textbooks. Gert is a former National Examination Assessor and Moderator for many electrically related Subjects. Gert has been the backbone of Armature Winding and through him many artisans have been produced and are working in various companies throughout the country. He is ensuring that the standard of training is raised annually as we have had no trade test failures in the past three years. As the SDC has been mandated to assess outside of South Africa, Gert has trained and assessed people from Botswana and Namibia.

His contribution has touched the lives of many individuals and in recognition for his contribution, the SDC management gave him a surprise party. We would like to congratulate him and wish him all the best for the future.

MPHO KOLOBE



FIFA 2010 World Cup...A Country United

2010 has been a big year for the country, South Africa hosted one of the biggest events on the sporting calendar between 11 June and 11 July 2010, probably one of the largest events in South African History, THE FIFA 2010 WORLD CUP! Those 30 days united this country like never before.

South Africa had a bad reputation in the past, but the world cup definitely changed the perceptions of the country and united the nation. Since the President of FIFA Seth Blatter pulled South Africa's name out of the envelope on 15 May 2004, South Africa had been planning and many were worried (as most sceptics are) that South Africa would not be ready but we shocked them all and proved them wrong, 4 new stadiums were erected as well as the upgrading of existing stadiums, which are all a sight to behold. As a country South Africa lived up to the expectations of the world and united our people.

THE EVENT:

The opening ceremony took place on 11 June 2010 and left tears in the eyes of many as we all awaited our national pride, Bafana Bafana, to open the tournament against highly ranked rivals Mexico. Much to most sceptics surprise Bafana Bafana played really well and drew 1-1 with Mexico.

Support for the team was at an all time high, fan initiatives

were organised to show support even before game time. 94.7 Highveld Stereo, a local Radio Station organised a fan parade where fans filled the streets of Sandton to show the unity and support for the national team, all companies encouraged their staff to wear Bafana Bafana's official shirts on Fridays, known as Football Fridays, fans had flags and mirror socks on their cars, there was the Vuvuzela moment where South Africans gathered at midday to blow the Vuvuzela and just a general overwhelming amount of support for our national team. Team Pride was high and it was all thanks to the support they received from the country.

SAVCIO'S PARTICIPATION:

Savcio's operations were decorated with flags, posters and photographs showing our support, it was a great event to be involved with and I am proud to say "I Was There".

To end off I would like to quote lyrics from the FIFA 2010 World Cup anthem: Waka Waka by Shakira beat Freshly Ground: "The pressures on you feel it, But you've got it all believe it... It's time for AFRICA"

KENAKO - Now is the time and it's South Africa's time to shine!!

ASHLEIGH MONERON

INTERESTING WORLD CUP FACTS:

Kenako means:

"It is time"

Zakumi (FIFA WORLD CUP 2010

Mascot) means:

"ZA" = South Africa's
Country code and
"KUMI" = 10

Laduma means:

An expression of
excitement and joy
(i.e. YAY!!)

Vuvuzela means:

Tubular Plastic horn
that gives off a hollow
bass tone

