

From the Managing Director's Desk



Altino Da Silva-
Managing Director

"Time goes by so slowly for those who wait" BUT not here at LH Marthinusen Denver, we don't *"wait and have no time to hesitate"*. This is evident with all that has been happening here since the start of the New Year. Six months down the line and exceptional progress has been made on numerous projects that we set out to do.

- The Transformer "Phase 2" expansion project is nearing completion and the planning for "Phase 3" is already well underway with construction work to commence before the end of 2008.
- The Engineering Services building upgrade is complete and this will cater for the anticipated growth in our Engineering Services Division.
- The Fluidex laboratory that we purchased will be operational by the end of July.
- Great progress has been made on working towards our ISO 14001 accreditation, which is an international standard for Environmental Management Systems.

To date both the Transformer and Rotating Machines Divisions have had an excellent year, while the Manufacturing Division has had a difficult first half due to a lack of orders, from no fault of their own.

In this first issue of the bi-annual newsletter you can read about the Savcio Sales conference awards, new equipment that will enhance our service capabilities as well as some after hour social activities. I trust that you will find this informative and enjoyable reading.

I would once again like to take this opportunity to thank each and every one of you for the continued support that you give me as well as your diligence towards LH Marthinusen.

"Time goes by so slowly for those who wait, NO TIME TO HESITATE"



HIV / AIDS EMPLOYEE SUPPORT PROGRAM

Following the very successful HIV / AIDS VCT program last year an Employee Support Program (ESP) was implemented to give affected employees the opportunity to get help, advice or assistance from a professional organisation which is trained and geared up to assist affected employees.

The objective of the HIV / AIDS Employees Support Program is to privately and confidentially provide counselling, support and information to employees who are affected or infected by HIV / AIDS, with the main aim being to assist and support infected employees with registration onto the Government programmes for Anti Retrovirals.

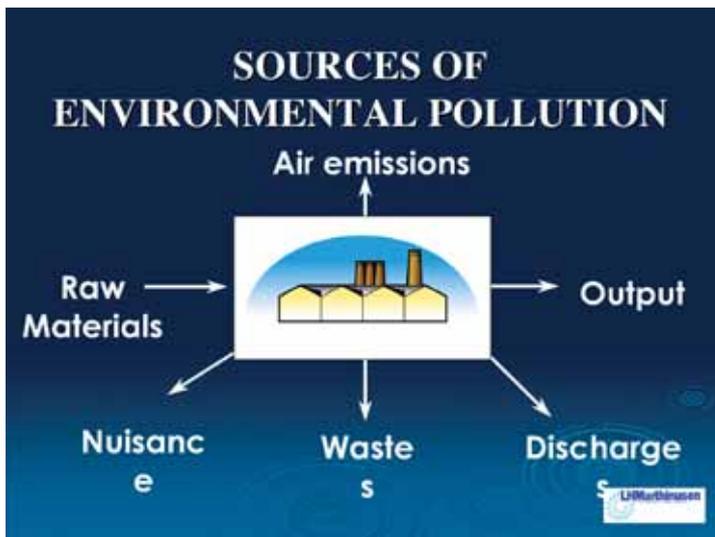
2008 SAVCIO SALES CONFERENCE

The Savcio annual sales conference was held at the Idle Winds conference venue on the 10th and 11th of March where the sales awards for the group's companies were presented by the group Chief Executive Officer Mr. Robert Spoon.

Attie Fuhri received the individual award for the best technical area sales manager while the rest of the LHMarthinusen sales team were also awarded with the group sales award as being the best in the Savcio group of companies.



ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM



LHMarthinusen Denver has been working towards ISO 14001 “Environmental Management Certification for the last sixteen months. The process started with a gap assessment in November 2006, followed with an impact and aspect assessment in December 2006. The purpose of the impact and aspect assessment was to determine any significant environmental aspects on site and to compile an aspect register for the site.

Further development processes included the refinement of the environmental management system documentation, environmental awareness training to all employees etc. During the last few months some of the other requirements that we implemented were an environmental internal audit, environmental monitoring programs, applying for necessary permits and a management review meeting.

LHMarthinusen has also booked audit dates with NQA (National Qualification Africa) the certification body for both the initial and the main audit. These audits are scheduled for June 2008 and September 2008.

INGA HYDRO-ELECTRICAL POWER STATION – DRC



Inga 2: 205 MVA, 56 Pole Rotor & drive shaft



Inga 1: 65 MVA Stator

The Congolese government operates the 2 power stations on the Congo river located between Kinshasa and Matadi, in the west of the country. LHMarthinusen’s Engineering Services team recently completed an assessment of the generators, transformers and rectifiers at INGA 2 power station.

The generating capacity at INGA 2 consists of 8 x 178 MW generators, which are illustrated in the pictures below. These

are some of the largest motors on the continent.

It’s interesting to note, especially considering the current power crisis in South Africa, that the 200km stretch of Congo river, where these power stations are situated, have the capacity to generate enough electricity for the whole of Africa...3 times over. To top it all, it’s renewable, environmentally friendly electricity!



TRANSFORMER DIVISION EXPANSION PROJECT

The Phase 2 expansion project is nearing completion and is running on schedule; the structure is complete and the 40 ton and 10 ton cranes have been installed, all that remains is the electrical, spray-booth and vacuum oven installations. The vacuum oven is expected to arrive in South Africa from China during the second week of June, following which the Chinese will take approximately 6 weeks to complete the installation and commissioning. If all goes according to plan, we are hoping to take occupation of the phase 2 facilities during the final week of July 2008.

In the meantime, the planning of the Phase 3 facility and the oil regeneration plant is in progress. Commencement of phase 3 is expected to commence early in September, following Videx's expected departure at the end of August 2008. This project is expected to take in the order of 9 months to complete.



The oil tank farm and regeneration facility will run in parallel with phase 3, this facility will supply all internal oil requirements and will also serve as a support to a number of our key customers.

The transformer market is progressively growing both in the small and large transformer sectors; currently the demand for repairs and new transformers exceeds the current capacity, the phase 2 facility will go a long way easing the current burden experienced by both the large and small transformer departments.



FLUIDEX TRANSFORMER OIL TEST LABORATORY

Savcio Holdings has just acquired the Fluidex transformer oil test laboratory from GE. The laboratory will be situated in a newly renovated building in Main Reef road, adjacent to Videx Mining equipment.

Although part of the LHM Engineering Services Division, the Fluidex Laboratory will operate as completely separate business unit, and serve LHM as well as the open market.



NEW WORKSHOP FOR ENGINEERING SERVICES

To cater for the growth in our Engineering Services Division, it was essential to establish a workshop that would meet the specific needs of the business. To this end, a new workshop and offices have been allocated to ESO adjacent to the Fluidex laboratory.

LH Marthinusen's Engineering Services Division has differentiated itself from the other players in the market, by offering turnkey engineering solutions for transformer-, rotating machine-, and substation projects as well as preventative maintenance partnerships for prolonged equipment life.

No other engineering service provider, is able to offer the all-encompassing, technically superior support offered by LHM Engineering Services. We wish them well in their new workshop and look forward to more success stories in the next edition of the newsletter.

LCT ACQUIRES GENERATOR BAR PRESS

In an ongoing drive to achieve product and service diversity and thereby enter new markets through enhanced capability, the Manufacturing division recently acquired and installed a hydraulic press to manufacture turbo generator bars.

The press can accommodate coils up to 7m in length with a maximum cross sectional area of nearly 60cm².

This press now offers LHM a unique, unmatched capability in Africa to manufacture and supply rewind components to the rotating power generation sector both locally and internationally.



HBM 125mm UNION BORING MILL

LHMarthinusen are in the process of installing its own boring mill (See photo). The UNION HBM boring mill has a mechanized tailstock and it is designed for line bores of internal diameters up to 1200 mm by 2800 mm long. Additional capabilities are facing and machining spigots of 1000mm in diameter, skim stators, deep bore drilling and boring. This machine with its semi V and flat beds, recently being overhauled and had all slides resurfaced to Schlesinger standards optimizing accuracy of 0.02 mm per meter.

The machine has the following specifications

- x axis 2500 mm (Cross length)
- y axis 2200 mm (vertical height machining)
- z axis 3000 mm (Length travel line boring
- Spindle diameter of 125mm
- Table surface of 1800mm x 2000mm
- 3 Axis digital read out system etc.

The boring mill is supplied with boring bar and tooling accessories.



LHM Cyclist

Altino Da Silva participated in the 2008 Cape Argus cycle tour in March this year. The race is just over 100 kilometers long and is the largest timed cycle race in the world which attracts over 35,000 riders annually. He has also participated in the Hyper to Hyper and Ride for Sight races this year.

Other members of the LHM management team who regularly participate in cycle races are Alain Laval (Hyper to Hyper and Ride for Sight), Mark Abbott (Hyper to Hyper) and Marie Laval (Ride for Sight)

