Inside AE

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We have come through an extremely busy 2008 with both the number of projects and the overall project values increasing steadily. While there was talk of a global recession in the USA in the third quarter of 2008, it was only in the first quarter of 2009 that it became evident that South Africa was not divorced from what was happening in the world economic environment. Our USA-based clients, in particular, are more cautious as a result of what is happening in their various industries. Despite all of this, most of our clients are continuing with their expansion plans, investing in projects that they envisage will contribute to the success of their businesses in the long term and which will have a life cycle of several years.

While we recognise the need to be cautious, we are determined that we will not contribute to a negative sentiment which is so easily perpetuated. We see the current economic environment as an opportunity to reevaluate how we do things, and are looking for ways to work smarter.

For example, in the third quarter of 2008 the Anderson team took time out to focus on how we can improve our efficiencies. We looked at introducing additional systems to ensure that our clients receive the highest standard of processing equipment. We agreed that improving our levels of both internal and external communication and our attention to detail in our quality control system would have a direct and positive impact on our service to clients, so action plans were drafted for immediate implementation.

We also continue to recruit new apprentices. This was never going to be a short-term project but is, rather, a long-term commitment to building the required expertise within the company, and it is one that is working. We now have a total of ten apprentices in training, which equates to 18% of our total staff complement.

We recently introduced the 3D drawing program known as Inventor, which has resulted in an overall improvement in the quality of our drawings and their value to our clients. Please read the more detailed article on page 3.

Team at Calderwood Hall - in the snow.

Our second B-BBEE audit confirms us as a level 2 contributor, with a B-BBEE procurement recognition level of 125%. We have also successfully passed our ISO 9001:2000 audit, which took place in November 2008.

The stainless steel price has moved significantly since our last newsletter (August 2008) and is currently at a four-year low. For clients who are considering undertaking capital-intensive programmes, this is the time to take advantage of these lower prices. We are seeing projects that have been in the planning stages for up to three years now moving forward, and we are receiving a steady stream of overseas enquiries for projects. These businesses have made a conscious decision to make the best of the current pricing structures.

As always, we would appreciate your comments on our newsletter and look forward to working with you in future.

Hans Coertse
Managing Member

ANDERSON ENGINEERING
Dedicated Expertise.

STAINLESS STEEL

CIRCULATION

SYSTEM CERTIFICATION ISO 9001:2000 SGS

Projects

Unilever Saudi Arabia
Anderson Engineering installed a hair care plant at Unilever Saudi Arabia as part of that group's global standardisation of plant and equipment projects. The equipment we supplied included three premix tanks, a processing vessel and two storage tanks. A complete CIP system to service the vessels and equipment was included, as well as instruments, pumps, valves and a control system.

The plant was first set up at Anderson Engineering according to the actual layout of the Unilever factory and was then dismantled and shipped in containers to Saudi Arabia. This process allowed us to provide a complete installation package before dispatch which reduced the overall installation and commissioning time.

The onsite installation and commissioning was a joint effort between Unilever staff and ourselves and was completed on time.

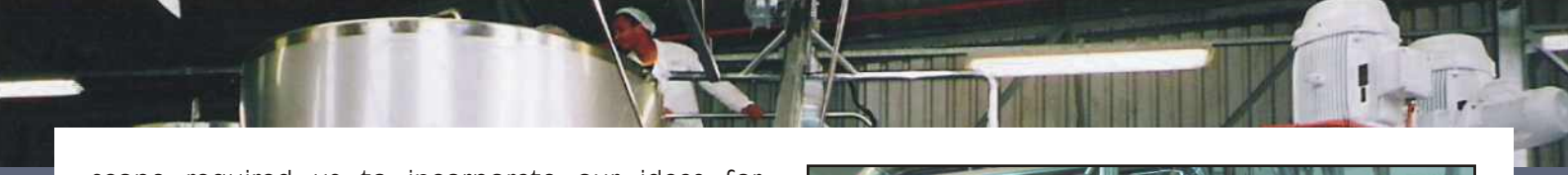
Aspen
Anderson Engineering built mixing vessels for Aspen's small-volume parenterals facility. The vessels were engineered to full-grade pharmaceutical standards, and full FAT (Factory Acceptance Testing) was completed prior to delivery.

Royal Swaziland Sugar Corporation (RSSC) Project
The original Royal Swaziland Sugar Corporation project was completed in 1995 and the design (ex Italy) was based on the production of alcohol from fermented molasses, which is a by-product of the sugar mill. Most of the alcohol is exported to Europe with the spent molasses (the final by-product) being used to fertilise the cane fields.

We are at present refurbishing one of the tubular heat exchangers made in 1995 which, at a conservative estimate, has seen 1,1 billion litres of product pass through the tubes and have also recently completed the manufacture of two new tubular heat exchangers with the exact same specifications as the originals, each with 886 tubes, 6m long with a diameter of 32mm.

Nestlé
Anderson Engineering has had the privilege of working on a number of projects for Nestlé, with the following two being particularly interesting to work on:

The design, manufacture and installation of a specialised pasteurising plant for Nestlé Harrismith to be used in the production of baby cereal. The project



scope required us to incorporate our ideas for increasing the plant's accessibility while also dealing with issues of hygiene and improving the overall aesthetics. The now commissioned unit, was the culmination of the utilisation of the skills and know-how of both the Nestlé and the Anderson Engineering teams.

At Nestlé Estcourt we were asked to design and manufacture an intermediate storage tank to be used in the production of Milo. They requested our help in improving performance as well as improving the plant's recycling capabilities. The project comprised a new holding vessel as well as a complete set of jacketed piping that had to run through three floors of the building. We made use of the new Inventor 3D drawing package to position the plant within the factory and design the pipe route.

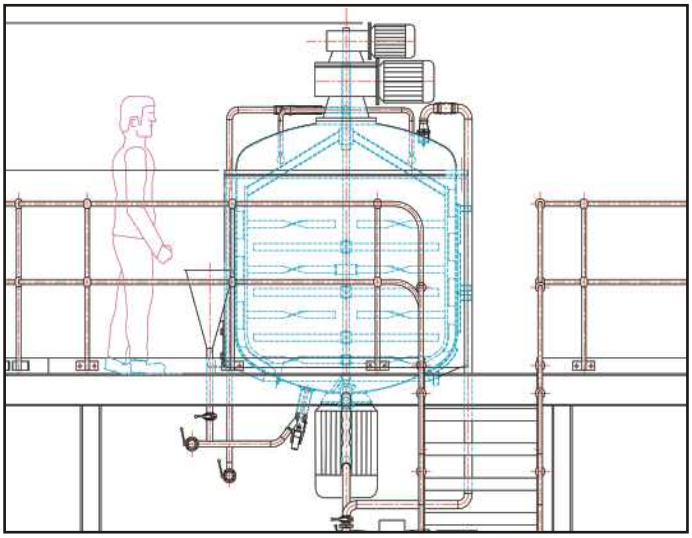
Inventor

When the Inventor Drawing Program was installed in the drawing office at Anderson we knew that it would take some time to master, but understood that it would be a worthwhile investment in a technology that would eventually allow us to build a library of images of standard items to use and amend, which would ultimately speed up our ability to produce many of our drawings. We also bought into the fact that the 3D drawings would be more aesthetically pleasing and would be easier for our clients to follow and understand; but even we did not realise just how big a difference it would make to the conceptualisation of the more complex projects. The more realistic images assist clients to work through operational issues more thoroughly, saving both time and costs at implementation stage.

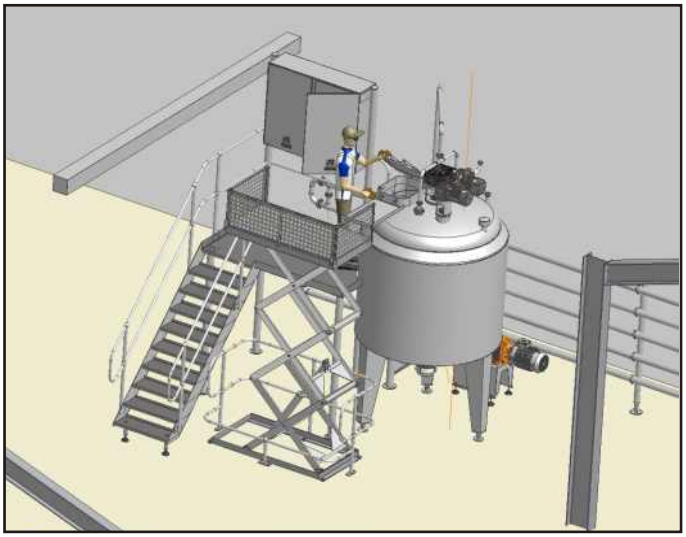
The greatest challenge for the team in the design office has been for complex drawings presented in 2D to be clearly understood. Commented Trevor Govender: "With a picture being worth a thousand words, Inventor has taken our communication to another level."

Sean McKenna, Projects Engineer for Unilever South Africa Foodsolutions (Pty) Ltd commented,"This project required that we install equipment in an existing vacant building. Because we were able to import the 3D images of the food processing plant into the drawings of the factory layout, we could discuss issues such as ergonomics, safety and accessibility in a much more meaningful way.

While you always have to deal with practical issues as you go along, this process has helped to ensure that the new plant layout is efficient and that our operators will be able to work effectively in their new surroundings."



Typical 2D Drawing of a Process Vessel



Inventor Image of similar Process Vessel

Wash Trough for Eastwood Primary

Mr Amien, Headmaster of Eastwood Primary School, contacted us after seeing articles about our social investment activities in the local newspaper. The school (which services the adjacent informal settlements of Tembalihle) feeds on average 900 children a day, and their mild steel trough, which is used daily to wash pots and plates, had rusted badly, resulting in its flooding the kitchen. As the school is subsidised only for the ingredients of the meals, with all other utensils and requirements having to be sourced by the school, he requested our assistance with a stainless steel wash trough. Hans's immediate response was, "Let's go for it", and the trough was installed in March.

Mr Amien, Headmaster of Eastwood Primary School with Hans Coertse (Managing Member) and Trevor Govender of Anderson Engineering, at the hand over.

Staff News

From Home Economics Student to Charge Hand

When Craig Stieger was interviewed for the boilermaker apprenticeship programme, it was noticed that one of his matric subjects was Home Economics. When asked about his interest in boilermaking, Craig's response was, "I will build the pot and cook the food in it." Craig was employed as a boilermaker apprentice in early July 2004 and qualified in July 2007. During his apprenticeship the management team noted Craig's leadership qualities and so he was offered a permanent position with the company. Within six months of his appointment he was promoted to the leadership position of Charge Hand. Craig commented, "It was a life-changing experience. I want to encourage the up and coming apprentices to focus and work hard."

A Shining Example of Passion and Dedication

Brenton Elliot joined the team at Anderson Engineering as an Operator Boilermaker in May 2005. Unfortunately he was diagnosed with renal failure toward the end of 2007, but was then fortunate enough to receive a kidney (donated by his sister) early in 2008. Brenton received a great deal of love and support from his family, friends and the company during this difficult time. While he was recovering, Brenton constantly enquired about the progress of projects in our factory and on the days he felt strong, he visited the plant. Within three months he returned to light duty and within a short space of time he was fit for normal duty again. We have seen a rare passion and dedication displayed for his work, and are proud to have him on the team. With the assistance of the company, Brenton is now pursuing his trade qualification.

Update on Apprenticeship Programme

Anderson Engineering is fully committed to its apprenticeship programme. During 2008 we registered and appointed four more boilermaker apprentices: Wesley Greene, Nkanyiso Shabalala, Thabani Mbokazi and Noel Hutchinson, and in March 2009 we completed the registration of another four boilermaker apprentices.

Kyle De'Air, who started his boilermaker apprenticeship with the company in November 2004 and qualified toward the end of 2008, is now a permanent member of staff. Well done, Kyle!

Welcome to Anderson Engineering

Lynne McIntosh, PA to Hans Coertse, Mahen Maharaj, Storeman and Poobalan Padayachee, Turner.

ANDERSON ENGINEERING
Food & Chemical Equipment cc

Physical Address: 5 Willowton Rd, Pietermaritzburg, KwaZulu-Natal, South Africa
Postal Address: P O Box 564, Pietermaritzburg 3200, KwaZulu-Natal, South Africa
Telephone: +27 33 387 1544 • Fax: +27 33 387 3923
www.andersoneng.co.za • mail@andersoneng.co.za