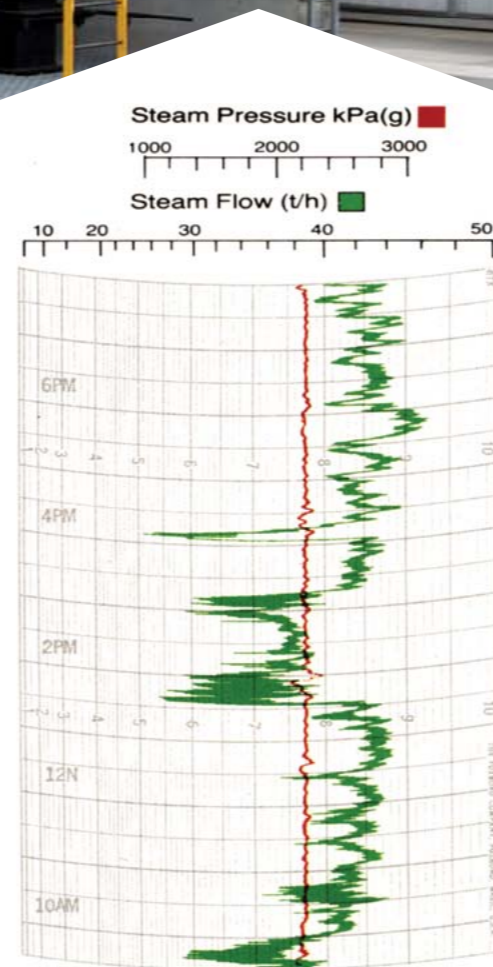


Energy Management by John Thompson

John Thompson is a division of ACTOM with 85 years' experience in the South African industry. Having designed, manufactured, installed, operated and maintained industrial boiler plant in South Africa during this time, and with an installed base of over 4 000 boilers, we are in the unique position also to look after our customers' total energy requirements.

Energy Management



In addition to the design and manufacture of industrial boilers and associated plant, John Thompson also operates and manages energy plant for customers in a variety of industries.



ACTOM

Energy Management

Our Energy Management department was formed to embrace the current worldwide trend of customers' outsourcing their non-core business. This demonstrates our commitment to delivering not only world competitive products, but also world class service. The primary focus of this department is Energy Management. This is a long-term agreement, whereby John Thompson takes the responsibility for supplying energy to the customers' process reliably, safely and efficiently.

Energy Management is not a prescriptive solution, technically or commercially. We, together with our customer, tailor each and every agreement to satisfy individual customer needs. The reasons for this are simple as each plant has its own operating parameters and key performance indicators. Energy Management is therefore a partnership solution offering transfer of risk by outsourcing the supply of equipment and services to the specialist, John Thompson.

The cost effectiveness with which the primary fuel is converted into useful energy is the essence of the service we are offering and is one of the main ways of containing the cost of generation. High thermal efficiencies are the result of our skilled supervision and management of trained operators combined with a thorough understanding of equipment design.

We believe therefore that the engineering back-up that customers receive with an Energy Management contract is extremely valuable as it will improve the effectiveness and profitability of their business. As a partner we would understand and optimise steam and other energy requirements and the impact these have on core business needs.

Operating Staff

As efficient operating staff are essential for a successful business, all of our

staff are trained at our modern training centre which has fully operational coal-fired and oil-fired boilers. We are also prepared to discuss the employment of existing operating staff to the advantage of all parties.

Outsourcing

Outsourcing is a business decision and as such must be considered very carefully. Some reasons for deciding to outsource the supply and operation of energy plant and associated equipment include:

- Transfer of operating risk
- Delegation of responsibility in terms of the OHS Act 85 of 1993
- Fixing operating costs to allow accurate budgeting
- Freeing-up management time for other value adding activities
- Lower working capital costs
- Improved operating efficiency

Commercial

John Thompson is responsible for compliance with current legal requirements for operation and maintenance of the plant. Plant condition is monitored by us and regular reports are submitted to customers' management. We are able to finance capital upgrade and/or new plant through a contract of this type. This allows customers the flexibility to allocate their capital to other value adding plant.

By entering into an Energy Management contract, customers will be totally relieved of the responsibility, for example, of the generation of steam and the operating and maintenance of all associated plant. They will simply be charged monthly for the metered quantity of steam used plus an agreed fixed cost. This will facilitate accurate budgeting of all operating costs which are made up as follows:

Fixed Cost

The Fixed Cost covers those costs that are unrelated to the amount of steam used such as:

- Salaries and wages
- Capital costs
- Insurance
- Statutory inspections
- Administration

Variable Cost

The Variable Cost covers all input costs which relate directly to the amount of steam produced such as:

- Fuel
- Water
- Electricity
- Water treatment

Operational maintenance

The design, manufacture, operation and maintenance of energy plant and associated equipment is our business and we understand that a reliable service is critical for our customers production requirements.

Also, as John Thompson's parent, ACTOM, is the largest manufacturer, solution provider, repairer and distributor of electrical equipment in Africa we have the resources to engineer, install, operate and maintain all electrical plant, as well as mechanical plant and associated equipment, for a wide variety of process requirements.

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