

Operational review

Equipment



Operational profile

Barloworld Equipment provides customers in mining, construction, marine, electrical power generation and other industries with integrated solutions that include new, used and rental equipment options, linked to equipment management plans designed to improve productivity and reduce operating costs.



Peter Bulterman (52)
 Chief executive officer:
 Southern Africa
 Director Equipment Siberia
 HND Mech Eng
 33 years' service

Viktor Salzman (62)
 Managing director:
 Iberia (Spain and Portugal)
 Eidg Dipl Kaufman
 Institute Juventus
 39 years' service

Dominic Sewela (43)
 Chief executive officer:
 South Africa
 BSc Chemical Engineering
 1 year service

Areas of operation

South Africa	Other African territories	Iberia	Russia
South Africa	Angola Botswana Cape Verde Democratic Republic of Congo (joint venture) Malawi Mozambique Namibia São Tomé and Príncipe Swaziland Lesotho Zambia Zimbabwe	Andorra Spain Portugal	Siberia (joint venture)

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Equipment

Barloworld Equipment supplies Caterpillar equipment and support to customers in 11 countries in southern Africa, Siberia, Spain, Portugal, Andorra, Cape Verde and São Tomé and Príncipe.

Complementary brands also represented by the equipment division include MAK and Perkins engines (both Caterpillar subsidiaries), Atlas Copco rotary blasthole drills and Metso mobile crushing and screening equipment. Barloworld Equipment provides customers in mining, construction, marine, electrical power generation and other industries with integrated solutions that include new, used and rental equipment options, linked to equipment management plans designed to improve productivity and reduce operating costs. Facilities throughout the division's territories offer world-class customer support, while comprehensive in-house employee training ensures professional delivery of appropriate customer solutions.

Leadership team

Southern Africa leadership team

Peter Bulterman (52)
Chief executive officer
Southern Africa
HND Mech Eng
33

Fergus Macleod (56)
Financial director
Southern Africa
CA(SA), BCom
28

Terry Dearling (49)
Human resources director
Southern Africa
BA Psychology
14

Shane Fitzpatrick (46)
Marketing director
BSc Mech Eng
4

Kenny Gaynor (50)
Executive director
CA(SA), HND Elec Eng
16

Chris Gibb (58)
Executive director
38

Charles Nell (51)
Chief information officer
MBA
28

Ioannis (John) Polykarpou (48)
Executive director –
Customer Service and After-Sales
Southern Africa
CA(SA)
23

Dominic Sewela (43)
Chief executive officer
South Africa
BSc Chemical Engineering
1

Iberia leadership team
Viktor Salzmann (62)
Managing director
Iberia (Spain and Portugal)
Eidg Dipl Kaufman Institute Juventus
39

Victor Arnold (45)
Managing director
Portugal
BCom, MBA, DBA
10

Jorge Beltran (39)
Power systems director
Electronics Engineer
12

Maria Jose Caravaca (37)
Human resources director
Degree in Law
6

Francisco Carrillo (49)
Machines sales director
Bachelor Chemistry
33

Alberto Garcia Perea (57)
Marketing and purchasing director
Bachelor Marketing/Degree in Law
36

Graeme Lewis (48)
Finance director
MA (Cantab), ACA
13

Carlos Morales (39)
Product support director
Industrial Engineer
12

Ildelfonso Villar (47)
IT director
Degree in History
32

Bernardo Villazan (49)
Operations director
Industrial Engineer
1

Isabel Vicente (51)
Rental director
Degree in Physics
33

Graziano Cassinelli (40)
Used machines director
Diploma in Chemical-Biological Analysis
0

Siberia Leadership Team
Tony Diggeden (54)
General director
Siberia – Vostochnaya Technica
32

Quinton McGeer (44)
Financial director
Siberia
CA(SA)
16

Note: The figure after each name (in brackets) is their age at date of publication of this report. Second figure is the number of years service that they have with Barloworld or businesses we have acquired.

Operating performance

R million	Revenue		Operating profit		Net operating assets	
	Year ended 30 Sept		Year ended 30 Sept		30 Sept	
	2008	2007	2008	2007	2008	2007
– Southern Africa [^]	11 930	8 568	1 523	918	4 178	2 270
– Europe	8 459	7 422	534	612	4 972	3 738
	20 389	15 990	2 057	1 530	9 150	6 008
Share of associate income			62	36		

[^] The southern African materials handling operation has been included under the handling segment as from the current year. Comparatives have been reclassified accordingly.

Overview

Barloworld Equipment capitalised on the exceptional opportunities in its markets in the 2008 financial year to produce a strong result.

Our core strategy remains the provision of solutions for our customers in all our dealership territories and we made substantial progress in our programme to attract, retain and develop skilled people to sustain support for our growing customer base.

The upsurge in world demand for commodities resulted in major capital expansion programmes by global mining houses and the emergence of a number of junior miners in southern Africa. Our mining sector solutions strategies, including our Maintenance and Repair Contract (MARC) and the application of technology to improve cost per ton, produced added value for customers throughout southern Africa and Siberia.

Our integrated solutions strategy encompassing new, used and rental options gained momentum in the construction industry. Cat Certified Used (CCU) received particular attention in South Africa and our southern African rental business increased utilisation and profitability. Declining business confidence in Spain and a continuing depressed market in Portugal put pressure on construction and rental margins in Iberia.

Global demand for electric power increased to support economic growth and a dedicated segmented business unit was formed to take advantage of the significant opportunities for the supply and support of power solutions in southern Africa. We were appointed the southern African dealer for MAK engines, giving us scope to expand our role in marine markets including oil and gas, as well as major terrestrial applications such as power stations.

WesBank, the South African market leader in asset based finance, and Cat Financial, a wholly owned subsidiary of Caterpillar and the biggest financier of Caterpillar machines world wide, formed

an alliance known as Cat Financial Services SA to serve Barloworld Equipment's Cat customers in southern Africa.

Our common goals strategy with Caterpillar has been a key enabler in delivering solutions to challenges such as machine delivery timeframes and skills shortages.

Southern Africa

All our markets in southern Africa grew significantly and our extensive footprint, well established presence and strong solutions capability ensured our participation in this upward trend.

Revenue increased from R8 568 million in 2007 to R11 930 million and operating profit from R918 million to R1 523 million in 2008. The main drivers of this result were mining, construction, power generation and after sales.

Since the inception of our vision statement in 2005, *Through market leadership and empowered people deliver customer solutions that will double our active machine population by 2010*, we have continuously exceeded our growth targets. We are now well ahead of plan to achieve our vision.

The rapidly expanding Cat machine population is fuelling strong growth in after sales support. Consequently Barloworld Equipment is now Caterpillar's leading parts dealer in Europe, Africa and the Middle East.

South Africa

Infrastructure development, the commodities boom and demand for power helped Barloworld Equipment to produce excellent results and we maintained our position as market leader.

The Used Equipment Company, our joint venture with BLC Plant Company, was amicably dissolved in the interests of both partners and Barloworld Equipment is now focusing on growing its own used equipment capability.

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An aggressive recruitment drive was launched to provide the skills needed in our new focused power solutions business unit. Our ability to supply containerised Cat generator sets as an immediate long-term solution for independent power production on mines and industrial sites attracted much interest.

Significant investment has been made in new and enlarged facilities to support our growing machine population. At our Isando flagship facility, an additional fully equipped machine assembly area and new workshops are under construction. Existing workshops are also being refurbished. Our Centre of Learning, for the development of technical skills, is under construction and will open its doors in 2009. Additional reference is made to this facility under *Skills development*.

The broad based black economic empowerment (BBBEE) transaction concluded by Barloworld Limited included share allocations for all South African staff. This will have the important spin-off of improved staff retention and loyalty to help offset the skills shortage, with corresponding benefits for customers.

We also made significant progress in our BEE scorecard, not only as regards ownership but also in management control, procurement and enterprise development. We have now achieved Level 4 Contributor status in terms of the Department of Trade and Industry's BEE codes, enabling customers to claim 100% of spend with Barloworld Equipment.

Employment equity remains a challenge and, in order to ensure sustainability, we have revised our forecast on this element of the scorecard to a 10 year target that involves a strong development and training component.

Other African territories

The strong commodity cycle has driven growth throughout our African territories, fuelling social and infrastructure development and increased energy consumption.

Angola experienced considerable growth in unit sales year on year, mainly into the construction and power generation sectors. Dedicated resources were assigned to the petroleum industry as well as diamond mining, which has seen the approval of 90 new projects in the past year.

In addition to ongoing expansion in Luanda, we are planning new facilities in several ports and inland centres. At the same time we are rapidly growing our skills complement in Angola and have been actively recruiting Angolans abroad as part of our localisation programme.

Congo Equipment, our joint venture with Tractafric in the Democratic Republic of Congo's Katanga Province, exceeded targets in its first year of business despite inherent logistical challenges. A large investment was made in a rental fleet to serve infrastructure development needs. An administrative centre has been established for Congo Equipment in Lubumbashi and a mining support facility is being developed in Kolwezi.

Copper mining continues to dominate our operations in Zambia and our comprehensive solutions offerings have ensured our involvement in supplying the developmental stages of new nickel and uranium mining ventures.

Adding impetus to another good year in Botswana were substantial orders from both traditional and new diamond mining customers.



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Based on its long-term relationships in the buoyant diamond mining sector and business generated by the uranium fields, in particular Rio Tinto's Rossing uranium mine, Namibia has produced an exceptional result, significantly increasing its trading profit compared to 2007.

In Mozambique negotiations between Vale, a major global miner, and Barloworld Equipment are at an advanced stage for the supply of the mobile and drilling equipment, together with a MARC contract, for the Moatize coal mining project.

We are also playing an increasing role in the supply of Cat equipment into sugar production for the manufacture of biofuels.

Mining

As the mining sector grew and diversified into different commodities and geographic locations, we concluded several successful negotiations with internationally based mining giants in addition to our strong traditional customer base. Our comprehensive solutions-based offering is also finding favour with increasing numbers of junior miners who require alternative value-adding solutions.

We significantly increased machine and component rebuilds to capitalise on the second life capability that is built into Cat machines and to provide quicker and lower cost solutions. Our rebuild programme has put several Cat off-highway trucks back into productive service in the past year, assisting customers affected by the long lead times in new truck deliveries. The addition of large mining trucks to our rental fleet has provided an additional option.

Our Maintenance and Repair Contract (MARC) capability differentiates our mining equipment solutions from the competition and the mining sector continued to show its approval of this equipment supply and support solutions strategy. Several existing MARC sites have expansion plans that will involve new equipment and support, while Cat fleets with MARC contracts were delivered to high profile greenfields diamond and coal mining projects in the past year.

In addition, breakthroughs in the supply of Cat off-highway trucks were achieved at several mines where Cat trucks have not been specified in the past.

Our population of Atlas Copco rotary blasthole drills in southern Africa doubled and parts sales also grew substantially. Many customers ordered the drill rigs with new Cat fleets as part of our total mining solutions offering. With the delivery of four more units this year, the Mogalakwena section of Rustenburg Platinum Mines in Limpopo Province now has the biggest concentration of Pit Viper 351 drill rigs in the world on a single site.

The use of technology as a strategic tool to help improve cost per ton for mining customers is taking root. In a first for Africa, Assmang's Khumani iron ore mine in the Northern Cape signed a letter of intent for the installation of a Minestar Fleet Management system for its entire Cat mining and support fleet.

The mining sector has eagerly awaited the launch of Caterpillar's upgraded 797, the world's largest mechanical drive truck at 350 ton capacity, as well as the new 795 300-ton AC-drive truck and 793F 240-ton electric drive truck. All three were unveiled at Minexpo in Las Vegas in September and will enhance our market leadership.

Construction

Barloworld Equipment's heavy construction business achieved record levels of performance, significantly exceeding expectations. We maintained a strong presence in all major construction projects, including the national roads programme and other high profile infrastructure projects.

Our integrated new, used and rental solutions strategy met with market approval, all three sectors showing significant growth. Caterpillar's new 360° Solutions offering, incorporating financing, warranty and preventative maintenance kits with new and used machines, has been well received.

The dip in the residential and small building sector adversely affected our general construction (under 20-ton) equipment business, where sales were flat for the second half of the year. The problems experienced with backhoe loader deliveries in 2007 were resolved and the industry standard Cat backhoe loader retained its market leadership. The Cat skid steer loader also experienced improved success as a cost efficient utility tool for smaller sites.

Revenue doubled in the Metso mobile crushing and screening business, as it has every year since Barloworld Equipment took on this dealership in 2005. Vigorous growth in sales and support is expected to continue.

Rental and used

The Rent-to-Rent and Rental Services divisions for our heavy construction and general construction rental business performed well. Operating profit improved significantly and Barloworld Equipment is now the industry leader. Our rental fleet is expanding rapidly and we have diversified to include large mining trucks, Atlas Copco Pit Viper drill rigs and Metso mobile crushing units in the fleet.

A high utilisation, rapid rollout policy is being pursued to maintain a young, healthy rental fleet and provide stock for our Cat Certified Used (CCU) offering, which was launched during

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the year. CCU offers low hour machines with warranty to provide opportunities for the establishment of a new customer base outside our traditional markets. Used sales are expected to increase significantly in the next year.

Power systems

A dedicated segmented business unit was formed for the supply and support of power solutions into various sectors, specifically electrical power generation (EPG), petroleum and marine. A successful recruitment campaign saw many more design and engineering skills entering our power systems business, which grew substantially on the back of power supply and distribution shortages throughout southern Africa.

Improvements in our generator packaging business to increase throughput have proved successful and we ended the year with a healthy order book. Expansion plans include entry into the power solutions business serving the offshore oil and gas industry in Angola and the rollout of a specialised southern African marine support structure.

The MAK, Caterpillar and Perkins engine product lines together give us a comprehensive marine propulsion and terrestrial engine solutions capability with units ranging from 15 kVA to 16 000 kVA or multiples for larger applications.

Skills development

The biggest challenge to southern Africa's economic growth is the shortage of skills. Barloworld Equipment's top strategic priority remains the attraction, retention and development of skills to support our customers.

Our attraction and retention policy is being driven through strategic partnerships with educational institutions and recruitment initiatives for the attraction of new people, together with a rewards strategy and skills development at all levels to retain current skills.

Our R130 million Centre of Learning at Isando is under construction and will deliver technical training for all territories, including learnerships, accelerated basic classes (ABC), product training and operator training. An apartment block has been acquired to accommodate learners during training.

A Leadership Development Centre has also been established at Barlow Park in Sandton to equip all Barloworld Equipment's managers to optimise their leadership and coaching skills and achieve optimum performance from their teams.

We became the first company to receive approval from the Manufacturing, Engineering and Related Services Seta (MERSETA) for our NQF Level 4 course and will be training more

than 20 senior artisans in NQF Level 4 next year. We are also endeavouring to have our four levels of learnership adopted by all the territories in which we operate. To date the Botswana Training Authority has accepted the South African learnership and our Zambian team is working hard to achieve a similar arrangement with its national training authority.

Our learnerships at all levels grew and several more trainers joined our team. There were 203 learners in our system at the end of the 2008 financial year and an intake of 380 is expected by April 2009. As part of our localisation programme 16 artisans from Barloworld Equipamentos Mozambique were trained at our South African flagship facility at Isando.

A total of 60 students completed our new pre-learnership course through the Mandela Barloworld Agricultural School in Limpopo. The programme – a first for South Africa – is a bridging course to give school leavers a better chance of succeeding in learnerships.

Due to the international skills shortage many qualified artisans are recruited from industry and the Accelerated Basic Classes (ABC) offer these artisans a bridging programme to enable quick and successful integration into our business. By the end of 2008, 74 people will have completed our ABC programme and 84 more will complete this fast track basic technical training in 2009.

In the past year R45 million has been spent on adjusting employees' salaries to competitive market rates. These adjustments have applied mainly to our artisans and supervisors.

Outlook

While we are optimistic about the medium- to long-term future of commodity prices, caution must prevail following the turmoil in world markets towards the end of the financial year.

Nevertheless significant opportunities exist for new machine sales in the southern African mining industry next year. In our southern African territories – excluding South Africa – there were 82 operational mines and 339 new mining projects in the pipeline at year end.

A strategic priority in the coming year is to promote industry understanding and acceptance of the use of technology to improve mining cost per ton.

We expect heavy construction equipment sales to remain strong and new marketing initiatives, including television advertising, were launched early in the new financial year to improve market awareness of the smaller Cat machine ranges in particular.

Strong growth is set to continue in our African business and our southern African operations outside South Africa are expected to comprise 40% of our African revenue by 2013.

New facilities are planned for 2009 to support the growth in our machine and power business as well as component rebuilds for both the mining and construction sectors.

Iberia

Revenue in Spain decreased by 2.67% in local currency terms, driven by a slowdown in the residential construction market and government delays in public works spending.

Portugal's revenue was higher than the previous year. The key drivers of improved revenue were machine sales for cross-border projects and power systems turnkey projects, particularly in the Azores. After sales market share growth was also pleasing.

The Portuguese economy showed signs of revival as GDP grew and the government deficit was reduced. Infrastructure investment remained stagnant in 2008 and many large construction companies internationalised their operations to weather lower domestic demand. However transactions for Portuguese contractors working outside the country yielded lower returns, reducing profit margins.

Despite the decline in sales in Spain, we gained significant market share in Cat machines, parts and after sales service in our Iberian business, testimony to sustained focus on our common goals strategy with Caterpillar as well as our ongoing drive to improve territory coverage and sales effectiveness.

Metso mobile crushing and screening equipment joined our product range, further enhancing our solutions offering in Iberia.

We disposed of our Mitsubishi forklift truck operation enabling us to redirect our resources to our core business as a Cat earthmoving machine and engine dealer. The lift truck long-term rental fleet has been transferred to the new dealer, which resulted in a €30 million cash inflow. At the same time we have reduced our staff complement by 90 people.

In response to the economic downturn we have renegotiated our bank lines, increasing our committed facilities by €19 million and extended them for a minimum of two years from the balance sheet date. Together with our exit from long-term lift truck rental, this gives our Iberian businesses a strong balance sheet in the current difficult market.

Changes to operational and line of business management positions in Iberia have been consolidated and our young dynamic team is tackling the market challenges with enthusiasm and fresh ideas.

Construction

The Iberian construction machine market has decreased by 40% in total units and 43% in small machines.



The Spanish general election in March slowed down budget execution, but the government is committed to infrastructure spending to support the economy. The budget proposal for 2009 generally reaffirms alignment with the goals of PEIT 2020 (Strategic Plan for Infrastructure and Transport 2020).

Our sales strategy had been adjusted to weather the market downturn and a core traditional customer base identified for specialised attention. New senior management positions have been created and branches reopened to serve this business.

Efforts to reach new customers were intensified via telemarketing, direct mail campaigns, machine demonstrations, open-house activities and specialised advertising.

We took steps to reduce inventory levels, including reassessment of orders, diverting products to other dealers and exploring emerging new markets.

Rental and used

While rental remains a major long-term opportunity in Iberia, the decline in this sector has negatively impacted our results.

Small construction equipment is working at 50% capacity in both Spain and Portugal, significantly reducing our rental fleet utilisation. A plan is in place to dispose of part of the rental fleet to improve utilisation rates.

By broadening the markets in which we compete we hope to gain more market share, particularly in short-term rentals. We have introduced focused expertise in small Cat product to assist in improving this sector.

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Portugal's revenue was higher than the previous year. After sales market share growth was also pleasing.

Power systems

In engines the impact of the economic conditions will not be felt immediately, if at all, as the order book shows no sign of a slowdown. The marine, industrial and locomotive segments remained strong.

We placed special emphasis on offering the market comprehensive solutions from engines to small power generating installations, a strategy that assisted in substantially increasing revenue. We also benefited from growing shipping tonnages. Diversification in the shipyards from fishing to segments such as supplies, ferries and mega-yachts resulted in increased MAK engine sales.

Sales into power generation recovered in Spain and a dedicated team has been assigned to capitalise on this opportunity.

We are working with customers to develop a new prototype locomotive engine, Euro 3000, using the new Cat C175 engine. Two prototypes will be tested within the next two years, offering significant longer-term business opportunities.

Product support

We lost some ground in product support due to lower utilisation of the active machine population. Support for public works fleets and engines kept demand at a reasonable level.

The 360° Solutions launch strategy, offering Cat customers warranty, service and parts, and finance as part of customised machine packages, has been successful. Some 60% of applicable machines sold last year included a 360° Solutions contract. This is 43% up on the previous year and will ensure good future parts and service support revenues.

Skills development

The new management team has been supported with a comprehensive coaching programme, including leadership skills development, and remuneration packages have been aligned to business targets.

The Employee Value Creation (EVC) programme has been a key enabler in aligning staff with key strategies and goals.

Outlook

The prospects for 2009 are not encouraging in Spain, with the earthmoving and construction sectors expected to continue their downward trend. The outlook in Portugal for 2009 and 2010 is more positive based on an ambitious €42 billion public works programme over the next five years. Cape Verde remains a small but high growth area on the back of tourism infrastructure growth.

We expect our Iberian market share to strengthen as some of the less established competitors disappear in more difficult trading conditions. Our traditional customers are also better equipped to ride out the storm than many others.

Although mining is a small part of the Iberian market, demand for metals and energy is generating opportunities in copper and coal mining. Reopening of mines and new mining projects, both open pit and underground, offer future business potential.

Siberia

Vostochnaya Technica (VT), the Siberian joint venture partnership between Caterpillar dealers Barloworld Equipment and Wagner International, maintained robust growth to exceed the previous year's revenue by 55%.

Revenue increased from US\$184 million in 2007 to US\$285 million (55%) and operating profit from US\$9 million to US\$16 million in 2008 (78%). The main drivers of this result were mining (34% over 2007), construction (306% over 2007), power generation (8% over 2007) and parts (58% over 2007).

The mining sector provided the biggest share of revenue. Further inroads were made in diversifying revenue across various commodities, including coal, diamonds, nickel and gold, through our focused, segmented mining business.

Demand for electric power grew rapidly to keep pace with social and economic development and the sale and support of power generation solutions across various sectors contributed significantly to our improved result.

Strong potential exists for increased sales into new petroleum fields requiring larger units, electrical power projects and the retail generator and engine market. Our recently established power rental fleet will be expanded in 2009 and future opportunities in turnkey solutions for oil and gas rental power are being explored.

Construction also continued to grow and we are well positioned to take advantage of accelerating infrastructure development. The government has approved a budget of US\$570 billion to be spent in the transport sector for 2009, including the addition of 17 000km of roads, 16 000km of railways, 100 airport runways and 400 tons of maritime capacity.

The market for construction equipment is estimated to be growing between 10 and 25% annually and construction output expanded by more than 30% in 2007 and 20% in 2008. This market is being augmented by the poor condition of much of the construction equipment currently in use.

We established a Cat rental fleet to capitalise on the opportunities and gain experience in this sector and we expect continued expansion of this fleet in 2009.

The Metso mobile crushing and screening product range has been launched in Siberia, adding to our solutions capability in both construction and mining. The mobility of the Metso range is expected to prove valuable to contractors in Siberia to process raw materials in remote areas.

VT was also appointed the dealer for the Cat range of specialised forestry machines. A dedicated team has been established to pursue opportunities in this sector and a roadshow is being planned to showcase our capabilities to potential customers, particularly in the eastern Siberia and Krasnoyarsk regions where there are substantial forest reserves.

VT's after sales market continued to perform well, with parts revenue growing 58% over the 2007 result to US\$61 million.

We are making investments in skilled people and facilities across our dealership territory to support our increasing customer base in all market sectors. The customer solutions strategy developed by Barloworld Equipment South Africa over a period of more than 80 years working with Caterpillar is standing VT in good stead to provide unprecedented levels of customer support in Russia over immense geographic areas with difficult logistical challenges.

Highlights of 2008 include finalisation of our development plans for multiple regional facilities. Appropriate properties are now being sourced in the Magadan, Irkutsk, Kuzbass and Yakutia regions. Construction of a US\$7.5 million service centre has commenced in Novosibirsk.

The investments in new facilities, together with skills attraction, retention and development, will remain our key focus in the next year to ensure the sustainability of our growing business in Russia.

Plans to achieve our skills goals include a restructure of the human resources department, finalising an employee grading system and placing additional emphasis on training and development. A high level intellectual capital plan includes the introduction of senior expatriates into the VT structure to ensure consistency, maintain focus on critical segments and assist with skills transfer and mentoring. More than 5 000 training days were provided for employees during the financial year, at a cost of almost US\$3 400 per employee trained.

VT employed 440 people at the end of September 2008, compared with 305 in September 2007, and expects to increase headcount to 573 in the next financial year.

A partnership with the Novosibirsk University for the training of technicians has been successful, with 115 modules completed in 2008. We are investigating expanding the concept to other cities within our territory.

While we are optimistic on the medium and long-term growth potential in the region, the global financial crisis will lead to a slow down in mining and infrastructure projects in 2009. This will impact on revenue and profitability in the year ahead.