



Press Release - For immediate release

ARMSCOR COMMENDED ON GOOD CORPORATE GOVERNANCE

Date: 13 October 2016

The Portfolio Committee on Defence and Military Veterans has commended Armscor on its prudence and good corporate governance. Armscor, the Acquisition Agency for the Department of Defence presented its annual report for the 2015/16 financial year to the Portfolio Committee on Defence and Military Veterans, Wednesday 12 October 2016. Armscor has yet attained a clean audit opinion with no qualifications from the Auditor-General.

Expressing appreciation to the Board of Directors, led by Vice Adm (ret) Mudimu, for providing strategic direction in fulfilling Armscor's mandate, Kevin Wakeford, the CEO of Armscor said "the *On Time, In Time - Towards A Sustainable Future* strategy does not only seek to meet SANDF requirements but to reduce reliance on the fiscus, increase employment and grow the SA economy, all within the principles of good corporate governance". Armscor's strategy is based on the relevancy and the sustainability of the organisation hence the focus on commercialisation and expansion of Armscor services to a wider client base.

Armscor has overwhelmingly achieved all its goals set in the SLA with the Department of Defence (DOD) for the 2015/16 financial year. These include the acquisition of defence matériel, systems support and management and execution of defence technology, research, test and evaluation, to name a few. While most of the strategic objectives have been achieved, Armscor is determined to improve its revenue streams beyond South African borders. In this

regard, Wakeford said "we have already set foundation and strategic plans in the last financial year, Armscor has registered as a strategic supplier to the UN, we are confident to reap the rewards in this financial year and in the future as we have started providing our services to some countries in the continent".

This creates further opportunities for our defence industry to grow and contribute to economic growth, including the participation and development of SMMEs, thus reinforcing South African defence expertise in the global defence environment, he further said. The implementation of the Defence Sector Charter which is being developed will further promote inclusive economic participation.

Armscor achieved a net surplus of R200.1m (2015/16) compared to R84.2m in 2014/15 due to gains from the revaluation of fixed and investment properties. Faced with declining revenues, Wakeford reported that 40% of Armscor's operating expenses are covered from revenue generated outside of the government allocation and believes that this portion will increase in the future. Armscor recorded a healthy liquidity and solvency position for the 2015/16 financial year.

Armscor remains committed to contributing positively to socio-economic development initiatives and skills development programmes through its Corporate Social Investment and Learning and Development initiatives. In the year under review, these initiatives produced commendable results and saw the establishment of the Women Military Veterans of South Africa (WOMVASA) entity, appointment of 77 apprentices and achievement of the transformation target in relation to the Employment Equity plan.

The Department of Planning, Monitoring & Evaluation (DPME) in the Presidency has rated DoD/ Armscor as the best for strategic planning and performance evaluation. With this performance in mind, the organisation is poised to face the future with greater strategic focus in bedding down its Turnaround Strategy.



Armscor CEO, Mr Kevin Wakeford

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Word count: 525

The copy of the latest Annual Report 2015/16 can be obtained from our website

www.armscor.co.za

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