

DECEMBER 2017

EDITION 5



**ARMSCOR**  
Armaments Corporation of South Africa SOC Ltd

# INSIDE *OUT*

**TRANSPARENCY. HONESTY. INTEGRITY**

## *2017: It's The Year Of Action*



From left: Mr C Nqakula, Mr K Wakeford (Armcor CEO), Mr D Fourie, SA Ambassador – H.E. Mr G Doidge, Col L Malatona, Mr A King, Ms N Mapisa-Nqakula (Minister of Defence and Military Veterans), Mr R Ramgolam, Dr S Gulube (Secretary for Defence), Mr A van Straaten, Mr P Pavlidisi, Mr B Ngobeso, Mr E Ichikowitz, Col K Mpiwa and Mr R Kumar

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**DETERMINING THE FUTURE OF DEFENCE AND SECURITY REQUIREMENTS**

**ARCHITECTS OF WORLD CLASS DEFENCE SOLUTIONS**

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## FOREWORD BY THE EDITOR

### SAILING ON HIGH SEAS



2017 has been an eventful year in South Africa as well as at Armcor, where we have seen changes brought about by the Turnaround Strategy. The future direction of Armcor is becoming clearer. With the Implementation Phase upon us, all our energies are now focused on delivery of the strategic objectives.

To quote our chairperson, Vice Admiral (Ret) RJ Mudimu, "We are a ship that is sailing on high seas." There are challenges ahead of us, but the challenges now behind us have proved that we can overcome any new obstacles that might arise. We therefore continue to keep our focus on the lighthouse and on dry land in order to deliver a profitable Armcor. We have demonstrated that we can rise above the rough seas through delivering yet another clean audit in the 2016/17 financial year, being one of only five government departments to do so.

In this issue we are celebrating world class defence solutions, new technologies in the biomedical industry, radars, electronic warfare and UBRD. Armcor has also had the opportunity to showcase its products and services at the exhibitions held in Dubai and Ghana.

As we approach the end of the year it is timely to reflect on what has been, and remember that this time is a lonely time for many people. It is time for us to think of those in need, to give our time, to give what we can. Let's do our best to spend time with our loved ones and keep safe on the roads during these holidays.

We will kick-start the new year with the Back-to School campaign in Limpopo at Machepelele Secondary School in January 2018. We aim to reach more learners in 2018 than the 20 000 plus we reached in 2017.

## FROM THE DESK OF THE CEO



### REFLECTING ON CHALLENGES AND ACHIEVEMENTS TOWARDS GOOD CORPORATE GOVERNANCE

In line with the annual theme of this newsletter, 2017 has indeed been a year of action. We have accomplished quite a lot as part of the implementation of our Turn-Around Strategy and all of this would not have been possible without the pivotal role played by all Armcor employees. I would like to extend my heartfelt gratitude to our staff, including the Armcor Management, for their unwavering dedication and hard work. Through their professional conduct, we managed to yet again obtain a Clean Audit with no qualification for 10 consecutive years. We are indebted to the leadership provided by the Armcor Board of Directors for steering us in the right direction. Their support is invaluable.

We managed to deliver on goals set in the Service Level Agreement with the Department of Defence for the 2016/17 financial year. These include, but are not limited to, the following: efficiency goals in its complex acquisition mandate: execution of the development of defence technology, research and evaluation. This remarkable achievement has been realised despite the reduction in Armcor's operating expenditure.

The role of the Defence Industry should provide a basis for sustainable economic development; therefore, support thereof will ensure the safety and protection of the sovereignty of the country. This critical aspect was also conveyed at the recently held National Security Africa conference which was graced by the presence of the Honourable Minister of Defence and Military Veterans, Nosiviwe Mapisa-Nqakula.

It has become necessary to develop new strategies to thwart cyber-terrorism, cyber-warfare, civil unrest and organised crime. We have confidence in our collective expertise as the Defence Industry to deal with this as a matter of urgency. We have invested heavily over many years to develop world class defence technologies. We therefore have to collaborate with our allies and adopt

a robust approach to promote peace and security on the continent.

On a lighter note, it's incredibly pleasing how, as part of the implementation of the Defence Review, the establishment of an independent Defence Industry Fund (DIF) is gradually gaining momentum. The aim of the fund is to obtain necessary funding for the DOD and to arrest the decline of the SANDF. Additionally, this will also provide a dedicated fund that will operate on sound business principles, addressing the problem of inclusive economic development.

Armcor, in partnership with the Aerospace, Maritime and Defence Industries Association of South Africa (AMD), has thus far issued a request for proposals from licenced financial service providers who can develop and operate the DIF. Since publicly declaring its importance within the Defence Industry, the DIF will ensure that SMMEs within the Defence Industry are afforded equal opportunity to compete globally. We are hopeful that the DIF will be fully functional in 2018. This is a reflection of the high value we place on promoting transformation and promoting inclusive economic development within the Industry.

This year, considerable focus was placed on transformation, one of the key drivers of the Defence Industry Charter. We are hopeful that its implementation will signal a new era in the defence landscape, as South Africa undoubtedly needs an inclusive economy.

The holiday season is upon us, this is a time to reflect and it is a time to be proud of what we have accomplished. It is also a time of giving, forgiving and reconciliation: we can all make a huge difference in our unique ways. Happy holidays to you and your families. We look forward to engaging again with renewed vigour and vibrant commitment in the New Year.

## CONTRIBUTORS

Shane George, Andre King, Tshilidzi Mukwevho, Obakeng Montsho, Heather Jack, Elena Matlala  
Joy Ledwaba, Nomonde Sussmann, Barileng Dichabe

# DETERMINING THE FUTURE OF DEFENCE AND SECURITY REQUIREMENTS

The Defense and Security 2017 exhibition was held in November 2017 in Bangkok, Thailand, with the participation of the South African Defence Industry at this event coordinated by Armscor.

The opening ceremony was presided over by General Prawit Wongsuwon, Deputy Prime Minister and Minister of Defence, and attended by high-ranking military officers, senior governmental officials, exhibitors, professionals in the industry and official delegations from all over the world, with the Asian region being well represented.

Thailand has one of Southeast Asia's highest levels of defence spending, and earlier this year the country's 'Modernisation Plan: Vision 2026' was announced by the Ministry of Defence (MoD). The programme has three prime objectives: to improve preparation of the Thai military, to enhance capabilities, and to modernise related structures. Thai Armed forces have in recent years continued their aggressive modernisation programmes, including upgrades and procurement of new Submarines, Battle Tanks, Fighter Jets, Training Aircraft, Frigates, Helicopters, APC, Radar, Hand Guns, etc.

International exhibitors showcased state-of-the-art equipment, systems and weaponry to meet the requirements of the military and law enforcement agencies. The show is recognised as one of the world's most important tri-services and security exhibitions.

The International Seminar on 'Military Readiness for Humanitarian Assistance and Disaster Relief (HADR) Operations' was also held during the exhibition as well.

The South African delegation was led by our Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula. Secretary for Defence, Dr S Gulube, Mr E Motumi and Armscor CEO, Mr K Wakeford also formed part of delegation, enabling valuable engagement with various stakeholders.

A total of 417 international exhibitors from 46 countries participated while a total of 218 foreign delegations from 30 countries attended the exhibition.

The South African Ambassador in Thailand, H.E. Ambassador Geoff Doidge, was personally involved with the South African participation and arrangements, actively building leads for



opportunities with the SA Defence sector in the South East region and facilitating the bilateral trade relations between South Africa and Thailand.

Meetings were also held with the South African/Thailand Chamber of Commerce and the Thailand Defence Technology Institute (public organisation) of the Ministry of Defence during the exhibition. Armscor is actively following up business opportunities and possible partnerships with the various delegations that visited the South African stand.



Mr A King, Dr S Gulube (Secretary for Defence), Mr R Ramgolam, Col K Mpiwa, Ms R Swanepoel, Mr E Motumi, Mr C Nqakula, Ms M Mojapelo, Col L Malotana and Mr M Letsoalo



## ARCHITECTS OF WORLD CLASS DEFENCE SOLUTIONS

The Homeland Security Africa conference was held on 17 October 2017 at the CSIR. The event was hailed as South Africa's largest gathering of local and international security experts and suppliers, enabling conversation on counter-terrorism and the state of security in South Africa following the recent spate of threats to the country's security system. These threats have included cyber-terrorism, cyber-warfare, civil unrest and organised crime.

In his welcoming address, the CEO of Armscor Mr Kevin Wakeford appealed to the industry to work together and embrace the National Guard in order to catalyse continental cohesion. "We have invested a lot of resources over many years to develop world class defence technology. We have to collaborate with our allies and be robust in our approach to promote peace and security in the continent", said Wakeford.

Speaking at the same event, the Minister of Defence and Military Veterans Nosiviwe Mapisa-Nqakula reiterated the need for the Defence Industry to improve its delivery of world class defence solutions. "The Defence Industry must up its game: it must be able to deliver not only world class products but be able to deliver within the specified timelines. We must not compromise our reputation", she said.

She further pointed out that South Africa is part of the global community and is therefore exposed to terrorism; hence the need to develop local technology able to cater to local needs, which development can be performed in partnership with global companies.



Mr K Wakeford (CEO of Armscor)

The Minister introduced the Border Management Authority (BMA), which will play a crucial role in coordinating all border security concerns, enabling better management of the borders. It is hoped that the BMA will have its own budget through the National Treasury and will be located within the Department of Home Affairs.

The Minister highlighted that the BMA will promote synergy and thus reduce duplication of efforts. She echoed the mandate of the SANDF, which is to defend the sovereignty of the state and its territorial integrity. The BMA will therefore be responsible for enhanced management of the borders, eg. movement of people and goods.

Towards the conclusion of the session, Armscor highlighted its plans to engage with various stakeholders to develop strategies to counter cyber-attacks. South Africa ranks third highest in the world as a cyber-crime target according to the Cyber Exposure Index 2017 (CEI). The CEI is based on data collected from publicly available sources on the dark web, the deep web and data breaches. Signs of sensitive disclosure, exposed credentials and hacker group activity against a company can be identified from the data collected by the CEI. Companies are then ranked based on the number of findings and the risk that those findings represent.

Some of the factors identified to combat digital threats include digital multilateralism, pooling of resources, knowledge sharing, enhanced crypto skills, developing and maintaining effective systems, developing information age military capabilities and strengthening the defence sector.



Minister of Defence and Military Veterans Nosiviwe Mapisa-Nqakula and Mr Kevin Wakeford (CEO of Armscor) at the conference

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# ARMSCOR ACHIEVES YET ANOTHER CLEAN AUDIT

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Armcor is proud to have yet again achieved a clean audit report with no qualifications from the Auditor-General. This achievement solidifies the entity's prudent approach and adherence to good corporate governance. Armcor presented its annual report for the 2016/17 financial year to the Portfolio Committee on Defence and Military Veterans in October 2017.

The CEO of Armcor, Mr Kevin Wakeford, expressed his appreciation to the Board for having steered the entity in the right direction in order to fulfil its mandate. "We are pleased that we have once again achieved an unqualified audit report which has been sustained from the previous years. We are committed to uphold this standard and ensure that we improve our financial and operational efficiencies despite challenges" he said.

Armcor has delivered on all goals set in the Service Level Agreement (SLA) with the Department of Defence (DOD) for the 2016/17 financial year. These goals include, but are not limited to, the following: efficiency in its complex acquisition mandate, execution of defence technology, research and evaluation. This

achievement has been reached despite the reduction in Armcor's operating expenditure.

Armcor achieved a net surplus of R47.5m (2016/17) before allocation cuts, recording a healthy liquidity and solvency position for the 2016/17 financial year. Overall, the core business projects and corporate goals set for the year under review have been realised.

Armcor is further levelling the playing field by supporting the entrance of small, medium and micro-sized enterprises (SMMEs) into the defence market and participating in the Defence Sector Code. This intervention ensures that SMMEs are incubated and empowered to be formidable players in the future, whose expertise are promoted not only in South Africa but also to the global market.

Mr Wakeford maintains that the role of the Defence Industry should be a beachhead for the economy, and its continued support will ensure the sovereignty of the country. He also believes that Armcor is well prepared to support the future and sustainability of this role.



From Left: Mr K Wakeford (CEO of Armcor); Mr B Ngqola (Acting Chief Audit Executive, Armcor); Dr M Khanyile (Non-Executive Director, Armcor); Vice Admiral (ret) Mr RJ Mudimu (Chairman, Armcor Board of Directors); Ambassador Ms T Skweyiya (Deputy Chairperson, Armcor Board of Directors); Ms K Neonakis (Senior Manager: Corporate Strategy and Planning, Armcor); Ms R Abrahamse (Finance Manager, Armcor) and Mr G Grobler (Chief Financial Officer-Armcor)



## ADOPTING ELECTRONIC WARFARE AS A FORCE MULTIPLIER FOR SPECTRUM DOMINANCE

The Association of Old Crows (AOC) is a non-profit international association which engages in the science and practice of Electronic Warfare, Information Operations and other related disciplines. The biennial Electronic Warfare South Africa (EWSA) conference was held in November 2017 at the CSIR in Pretoria. EWSA is an AOC conference organised by the South African AOC chapter: the Aardvark Roost.

In the current, ever-evolving world climate, the need for interoperability within the defence sector was highlighted as a method of thwarting elements that have the potential to threaten peace and security. Rear Admiral Guy Jamieson, Deputy Chief of Navy, highlighted the need to adapt to new technology and to consider the upgrading of offshore and inshore patrol vessels; unmanned aerial vehicles and frigates in order to safeguard the sovereignty of the country. This sentiment was shared by Mr Sipho Mkwazi (Acting Group Executive; Acquisition and Supply Chain Management) who referred to EW as an enabler for border safeguarding.

The renowned Defence analyst Helmoed Romer Heitman provided an informative review of electronic and cyber warfare, including lecturing on trends such as GPS spoofing, state-sanctioned cyber



warfare etc. He highlighted the importance of utilising capabilities within the country to combat threats.

Mr Molahlegi Molope (Senior Manager: Radar and Information Warfare) mentioned the Pulsed Noise Radar which transmits a modulated signal by a lower frequency white noise source, in contrast to conventional radars. It promotes a lower risk of interception, high resistance to jamming and good resolution.



Dr Andries Heyns: Post Doc Researcher-  
University of Pretoria



Mr Molahlegi Molope

Mr Molope pointed out that the system is currently used for short ranges, however long range use will be explored in the future.

The conference, which ran concurrently with academic presentations, had the goal of making the EW community aware of relevant university research and to encourage interaction between the EW community and students. Electronic and cyber warfare and its many diverse facets were explored. The universities of Stellenbosch,

Pretoria, and North-West gave a number of presentations on EW-related topics.

Mr Roche Viljoen (former Armscor Program Manager), and Mr Carel van der Merwe (CEO of GEW Technologies) both received a lifetime award for their contributions to the Electronic Warfare field. The programme ended with the discussion on some of the current trends in Electronic Warfare.



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# AFRICAN PORTS EVOLUTION

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AB Logistics, a division of Armscor SOC Ltd, was a proud exhibitor at the African Ports Evolution that took place in October 2017 at the Inkosi Albert Luthuli International Convention Centre in Durban.

The African Ports Evolution forum and expo fosters interaction between government and the private sector. Its aim is to enhance intra-African, cross border trade through increased port efficiency, hinterland connectivity and trade corridors.

This event presented Armscor with the opportunity to now expand its services to clients and stakeholders based in KwaZulu Natal. It will also be looking at strategic partnerships with fellow African

countries in order to expand its logistics services footprint.

As a fully accredited Government Clearing and Forwarding company, AB Logistics had the honor of exhibiting its capabilities in Durban. Seeing that AB Logistics has had an office in Durban for over 30 years, it was only fitting that the Durban branch was involved in the exhibition. Over 350 delegates, 1600 exhibition visitors and an entire network of press attended the event which formed part of an Export Week that was organised by the KwaZulu-Natal Trade and Investment sector. This set the scene for the sharing of innovative ideas and facilitated excellent networking and deal-making opportunities. AB Logistics took full advantage of these opportunities.



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## FRAUD AWARENESS MESSAGE

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**BLOW THE WHISTLE**

**REPORT FRAUD OR SUSPICIOUS ACTIVITIES ON: 0800 111 786**



# CSI CORNER

## SKILLS DEVELOPMENT TO BOOST FUTURE DEFENCE REQUIREMENTS

The Defence Engineering and Science University Programme (DESUP) was established to enhance the defence technology base in strategic areas through the development of highly skilled human capital, new knowledge and research competence at South African tertiary institutions. DESUP also has the goal of improving equity in relation to disability, gender and race within the Defence Science, Engineering and Technology (DSET) industries.

Outreach Programmes are an integral part of the various projects run by DESUP, including initiatives such as the provision of Grade 8 -12 learners with Saturday classes in Mathematics, Science and English. DESUP also provides transportation, learning materials, and teacher development workshops.

“We aim to create a bigger talent pool where we can recruit beneficiaries for our bursary and graduate programme” said Mr. Solomzi Mbada, the Group Executive for Corporate Support.

Armcor recently partnered with Ithemba Labs to assist learners from underprivileged communities in the Western Cape (Khayelitsha;



Learners listening attentively to the various career opportunities that Armcor offers.

Nyanga and Langa) to improve their performance in Mathematics and Physical Science.

The programme provides 60 learners from various schools the opportunity to attend weekly Saturday classes aimed at improving their performance in maths and science subjects. Tablets, stationery packs and transport to and from Ithemba Labs is also provided.

On the 18<sup>th</sup> of November 2017, Mr Obakeng Montsho, ARMSCOR’s Grants & Bursaries Manager, handed over 60 tablets to the participating learners in an official handover ceremony. “100% attendance is required from the learners and with hard work and dedication everything is possible”, he remarked during the event.

The Tablet handover ceremony provided an opportunity to create awareness of a wide variety of career opportunities that Armcor offers in the Engineering and Science related fields, as well as bursary opportunities and the Talent Development Programme for graduates.

Armcor was commended for continuously pursuing excellence in education through its CSI initiatives. Educators vowed to do their best to encourage learners to make the programme a success.



Mr O Montsho, Armcor’s Grants and Bursaries Manager reiterates that the success of the programme is dependent on the learners commitment.



Learners from respective schools at the ceremony were very excited to receive the new learning tool that that will enhance their learning capabilities.

## ARMSCOR SPONSORS TSHWANE TENNIS DEVELOPMENT INITIATIVE

The tennis coaching programme to the township communities seeks to provide opportunities and a development pathway for players and coaches from all over Tshwane Region. More than 10 training centres for coaches and players are already at schools in and around the Pretoria area. Armscor has established a partnership with Tuks (University of Pretoria) Tennis towards empowering the previously disadvantaged players to reach their potential in this sport. The players are developed physically, for coordination, tactical awareness, mental and emotional skills. It is envisaged that sport participation will create discipline and sharpen their focus in academic performance as well.



## YOUTH EMPOWERMENT RELOADED

Armscor in partnership with Umgungudlovu District hosted a handover ceremony at Carter High School in Pietermaritzburg. A donation of study guides, calculators, mathematics sets, backpacks, Oxford dictionaries and other learning materials were handed to learners in preparation for the 2018 academic year.

About 156 schools in the Umgungudlovu District will benefit as a result of this partnership. Armscor's approach is aimed at equipping learners to reach their maximum potential. With such support given to learners, improvement in the STEM subjects pass rate is possible. Armscor is looking to these high performing learners to be a potential talent pool for its workforce and also within the defence industry.



# ARMSCOR VALUES

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Armcor's values are the building blocks of how it conducts its business. Armcor is committed to transformation, transparency and accountability.

THE EMPLOYEES OF ARMSCOR PLEDGE THEIR COMMITMENT TO THE FOLLOWING VALUES:



**Leading by example** - we lead by example and are role models for excellence



**Results driven** - we go that extra mile to achieve results timeously



**Customer focus** - our customers are the reason for our existence and we therefore always endeavour to exceed their expectations



**Care and respect for others** - we foster diversity, value our people and their contributions and treat them equitably, fairly and with dignity, care and respect



**Excellence** - we strive for excellence in all we do



**Teamwork** - We take joint responsibility through teamwork



**Integrity** - we adhere to the highest standards of conduct and moral behaviour and maintain the highest level of ethics in all our actions



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Follow us on



Happy  
Holidays

## UPCOMING EVENTS

1

BACK-TO-SCHOOL CAMPAIGN  
(MACHEPELELE SECONDARY  
SCHOOL, LIMPOPO)

2

ARMED FORCES WEEK  
27 FEB-03 MARCH 2018

3

DESUP OPEN CAMPUS  
28 FEBRUARY-01 MARCH 2018

4

DEFEXPO (INDIA)  
21-24 FEB 2018

5

AFRICA SUMMIT (NAIROBI, KENYA)  
27-28 FEB 2018