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*by Adey Wynne
(Chief Executive
Officer)*

The short off crop at the beginning of this year was mainly due to the late finish to the 2012/13 crushing season. Nevertheless, much was done in the off crop, particularly with regards to the installation of the new De Smet diffuser chain. Although we were ready to start crushing on the budgeted start date of 4 April 2013, the start was delayed by a day due to untoward weather that effected cane harvesting. Thereafter, the mill has had a few mechanical challenges that have resulted in USM losing a further 5 days of crushing capacity.

Now at the end of May, we seem to have found our feet and have started the catch-up process, we need to get into a rhythm and consistently meet or beat our weekly targets because the cane crop remains large and needs to be crushed. In lieu of the initial poor milling performance USM has, as a contingency, initiated a net outward diversion to Felixton but there may be an opportunity to reverse this trend through inward diversions from Pongola; a potential win-win scenario

The First Word

for both mills remembering that it is in the best interests of all USM stakeholders to crush as much cane as possible in the shortest season length.

USM profitability is largely driven by cane throughput. However, not everyone in the USM Team has a significant influence on the tonnage of cane crushed. With this in mind, senior management, in consultation with the USM Board, have revisited the Team USM Bonus (TUB) system. Separate TUB mechanisms have now been compiled for each of the major departments.

Consequently, USM employees will be better able to directly influence the TUB payment due to them. This approach will also engender team spirit within each department and hopefully result in some healthy competition between departments.

By the time the Umbonowethu newsletter is published the department heads may well have communicated the details of their respective TUB mechanisms. If any employee has any questions about the new TUB approach they should approach their department head for more information.

USM profitability is also affected by our ability to sell our sugar. Unfortunately, cheap Brazilian sugar imports have significantly subdued the South African sugar market, impacting all South African sugar milling companies. The South African Sugar Association (SASA) has taken this issue up with the government Department of Trade and Industry (dti) by requesting to increase the duty on imported sugar; an outcome is not expected to transpire before the end of 2013.

Therefore, the effects of any increase in the import tariff will only be of benefit in the 2014/15 season. Nevertheless, where there are challenges there are also opportunities. Many of the sugar customers are on the lookout for

cheaper sugar of high quality (that's USM sugar!), and although we cannot compete directly with imported Brazilian sugar, this does create a fertile environment for USM to engage the market.

Regrettably, our slow start to sugar sales in 2013 can also be attributed to low customer confidence in USM given our poor performance last season in relation to the supply problems associated with the diffuser chain challenges and the lack of USM warehousing space. Both of these constraints however have since been addressed. Furthermore, USM has made significant strides in acquiring yet another food safety accreditation; Food Safety System Accreditation (FSSC). This is a European standard that is more stringent than the international ISO 22'000 accreditation USM acquired in 2012. The big lesson learned for all of us is that if we let our customers down, for whatever reason, there are negative consequences for USM in the future; as far as possible we need to do things right FIRST TIME. Future prospects remain bright, it's up to us to realise them, and we need to **MAKE IT HAPPEN!**

On the theme of 'making it happen', it is of concern that three USM lost time injuries were reported in May 2013, after a brilliant injury free off crop and USM meeting its DIFR target of 1 for the 2012/13 season. Can I appeal to all USM employees to be vigilant about health and safety matters? USM has every intention of making USM a safe and enjoyable environment to work. USM IS THE USM TEAM. If we are going to realise this important goal, it's up to us to MAKE IT HAPPEN! This is a classic case of:

"ATTENTION TO SAFETY DETAIL, MiH"

Know your environment. Know the procedures. Don't compromise. Stay focused. Have fun. Make It Happen.

The challenge that lies ahead for us as a team is to gather some momentum in all aspects of our business and to get into a rhythm of consistent high performance. If we are going to maximise our TUB, this means working together within our departments and as a united USM team.

As always, work smarter, work together, have fun and be safe!

Adey

myTUB announced

Senior management and the USM Board have decided to re-focus the Team USM Bonus (TUB) for the 2013/14 season. The new approach moves away from a **'one size fits all'** TUB towards a more focused departmental TUB, hence the name change to **MyTUB**. As a consequence:

- USM employees can now all personally influence **MyTUB** because they have a **DIRECT IMPACT** on the key performance areas of their departments.
- USM employees can maximise **MyTUB** by fostering **TEAM SPIRIT** within their department and make their departments a 'fun place to work'.



On the cover: Senzokuhle Development and Community Organisation manager Thobile Mthimkhulu seen here with Wendy Stander and Esther Bwambale who delivered more than 750 seedlings on behalf of USM to the centre in aid of their daily feeding schemes for orphans and vulnerable children in the Khula Village.

Operations News

Machines don't run an enterprise, people do

The 2013/2014 season got underway on the 4th April 2013 with optimism and a promise of improvement from the toils of the 2012/13 season. The first few weeks were however characteristic of teething problems with various pieces of equipment taking a while to warm up to the tune after the off crop slumber.

Front-End

With the new **chain** installed during off crop in the diffuser, a great deal of improvement on the reliability of this critical piece of equipment was achieved. The chain has thus far been positively received by the engineering and operational personnel. A program of inspection and lubrication has been put into action as per engineering norms to help prolong the life of the chain.

Start-up challenges experienced in the front end have been on the **diffuser discharge drum and the primary cane knives** which have largely contributed to higher than normal **LTA** at this time of the season. There's strong confidence though that breakdowns of this nature are a **once off type** of challenge and the **measures** that have since been put **in place** to prevent re-occurrence should **adequately** address the problems.

The **general outlook** of the front end is encouraging (**barring the normal tunings** on various aspects of the **plant**) through the **attention to detail** and **continuous improvement drive** that is the **mantra** of the entire factory.

Power Generation

The season start was by no means smooth in the power generation plant with boiler grates jamming at an abnormal rate resulting in downtime that affected the whole plant. The section engineering team however put in a great deal of effort in turning this plant around and returning it to 100% availability.

Loss of condensate water also impacted the availability of the plant requiring mitigating measures to be put in place. Modifications have since been executed to improve the throughput and operability of the softener plant which is a back-up source of boiler feed water. This will help reduce instances where boilers have to be shut down due to lack of water.

Back End

Modifications to help improve the quality of the sugar were executed around the area of A centrifuging, driers and screening during the past off crop. The results of these changes have been **"EXCELLENT"** according to a satisfied

Process Manager after operating the plant for over a month! The ability to ensure a quality product is produced out of the plant equipment is crucial for morale internally and for customers externally.

The problem of low vacuum continues to be a challenge on the evaporator station. Outside expertise have been brought on board to assist in identifying the root cause to this problem and help develop a permanent solution that will put it rest. Credit must go to the operating staff who have managed to achieve good throughputs on this station despite this challenge.

Challenges have also been experienced on the A Centrifugal station since the start of the season contributing to downtime and loss of production. Efforts both to improve the operability and reliability of the centrifuges are currently underway.

Safety

Since the beginning of the new season there has been nine (9) safety incidents within the mill, three (3) of which were Lost Time. This is a **serious concern** for the business and **strong measures** have been taken to **curb** this rate of incidents. The **sustainability** of the organisation requires that a **safe working environment** is maintained as reasonably practical at all times to ensure **"zero"** occurrence of injuries. This requires a **collective effort** from both the **employer** and the **employee**. USM will continue to strive in educating, communicating and monitoring all role players to ensure the achievement and maintenance of a safer place to work.

The sustainability of USM requires that a safe working environment is maintained as reasonably practical at all times to ensure "zero" occurrence of injuries.

Looking ahead

Whilst there have been challenges all round, the optimism of a better season ahead still remains. The plant is certainly settling down and this is evidenced by week 13 where the plant crushed in excess of 38,000 tons of cane at over 97% engineering efficiency. This is a sign that the potential to excel in performance is still there in the plant and that is encouraging. A collective effort is however necessary from all personnel to continuously unlock this potential. In the art of engineering, a simple approach of LOOK, LISTEN AND FEEL goes a long way in unearthing this plant's potential. Remembering an adage **"Machines don't run an enterprise, people do"**, the ball is in our court to keep the machines going and hence control the future!

Wellness starts with you



by Sister Rachel Calitz

Always remember the importance of your contribution to the USM team. Never feel that your Job is less important or not important at all.

It works the same as a chain; each link of the chain is responsible for the strength of the chain. If one of the links are damaged then the chain will loose its strength. Even if you are a cleaner your work helps that the USM employees and visitors do not get sick due to germs.

It is how you do your work and with what attitude that can make a difference, if you do your job well you can be proud of yourself. Lift your head up high, look people in the eye and SMILE; you are part of the USM team.

Each one of us has a choice to make; every day when you get out of bed you can decide with what attitude you are going to approach your day. Whether or not you are going to be friendly to your colleagues and if you are going to form part of a positive USM team or if you are going to be grumpy, unfriendly and isolated.

If you work hard, help other team members to improve production you will also enjoy your time at work and at home Always remember, WELLNESS at home starts with wellness at work, as we spent more time at work than at home.

Encouraging Production Rate

The mill is at the time of going to press, 26 263 tons behind budget as at the end of Week 14 and we need to maintain at least 260 TCH throughput in order to crush all our cane.

The last three weeks, 12, 13 and 14 have been very encouraging with the mill achieving its best week so far this season during week 13 when the mill crushed 38,264 tons of cane and 37,919 tons in week 14 at a rate of 250 TCH.

The production team reported a LTA to date of 11.07 % which is 4.92 % above budget but indicated that the mill could improve production if we performed more preventative maintenance as a couple of long time breakdowns affected the mill's overall performance.

The boiling house recovery and extraction is 0.51 % and 0.34 % below budget respectively and as a result of this the overall recovery is 0.79 % below budget.

According to Samkelo Matsebula (process manager), "there is room to get more sugar from cane into the VHP bins and the mill will need to reduce our effluent, molasses and filter cake sucrose losses."

Matsebula also said that the mill's sugar quality has been fantastic since the start of the season and this has enabled the bagging station team to meet the set weekly targets.

"The warehouse is full of good sugar and we would like to congratulate our process and bagging teams for their dedication and team efforts!" he said.

Bagging Station

DATE WEEK ENDING	INDUS WEEK No.	One Ton Bags				25kg / 50kg Bags			
		Target		Actual		Target		Actual	
		WEEK	TO-DATE	WEEK	TO-DATE	WEEK	TO DATE	WEEK	TO DATE
14-Apr	7	300	300	1644	1644	100	100	391	391
21-Apr	8	1600	1900	1497	3141	300	400	369	760
28-Apr	9	1600	3500	1677	4818	540	940	468	1228
05-May	10	1600	5100	2353	7171	540	1480	551	1779
12-May	11	1900	7000	2164	9335	540	2020	535	2314
19-May	12	1900	8900	1594	10929	540	2560	882	3196
26-May	13	1900	10800	1301	12230	540	3100	590	3786
02-Jun	14	1900	12700	1329	13559	540	3640	510	4296

Weekly Factory Performance Report

DESCRIPTION	WEEK	WK BUDGET	VAR	TODATE	TD BUDGET	VAR
CANE & EXTRACTION						
TONS CANE	37919	37200	719	281227	307490	-26263
TCH	250	250	0	244	250	-6
SUCROSE % CANE	13.44	13.05	0.39	12.78	12.61	0.17
FIBRE % CANE	13.68	12.86	0.82	13.58	13.21	0.37
MIXED JUICE PURITY (SUC)	87.29	86.03	1.26	85.12	85.10	0.02
FIBRE/HR	34.21	32.18	2.03	33.08	32.39	0.69
BRIX/HR	37.12	35.28	1.84	35.27	36.11	-0.84
EXTRACTION (SUC)	96.68	97.13	-0.45	96.67	97.01	-0.34
IMB. % FIBRE	330.54	350	-19	343	350	-7
BAGASSE MOIST.	50.74	50.00	-0.74	51.76	50.00	-1.76
EFFICIENCIES						
ENG EFFICIENCY	95.25	96.10	-0.85	89.19	95.83	-6.64
OPS EFFICIENCY	98.67	98.09	0.58	99.32	97.95	1.37
O.T.E.	90.27	88.57	1.70	80.38	85.77	-5.39
LOST TIME % AVAILABLE	5.73	5.70	-0.03	11.07	6.15	-4.92
HOURS NO CANE STOPS	0.13	0.20	0.07	52.92	41.80	-11.12
ENERGY						
STEAM % CANE	57.41	57.00	-0.41	59.25	57.00	-2.25
TONS COAL BURNT	179	122	-57	2865	1769	-1096
POWER EXPORTED	398260	336000	62260	2539727	2688000	-148273
BOILER EFFICIENCY						
SUGAR RECOVERIES						
TONS SUGAR M&E	4456	4163	293	30230	32916	-2686
TONS MOLASSES M&E	1480	1496	16	12026	12776	750
B.H.R.	89.90	87.70	2.19	86.49	87.00	-0.51
O.R.	86.91	85.24	1.67	83.61	84.40	-0.79
UNDETERMINED LOSS	0.35	1.80	1.45	2.01	1.80	-0.21
MOLASSES LOSS	9.41	9.55	0.14	11.10	10.22	-0.88
FILTER CAKE LOSS	0.35	0.60	0.25	0.40	0.60	0.20
MOLASSES PURITY (POL)	33.27	32.00	-1.27	33.30	32.00	-1.30
LATEST MOLASSES TPD	8.20	3.00	-5.20	7.40	3.00	-4.40
ENVIRONMENTAL						
RAW WATER CONSUMPTION	1596			11104		
EFFLUENT C.O.D.	0	75	75	20	75	55
EFFLUENT PH	7.56	7.0	0.6	7.91	7.0	0.9
TONS EFFLUENT	1990			10559		
FOOD SAFETY						
MOULDS	0	100	100	0	100	100
YEAST	29	100	71	20	100	80

Production Plant



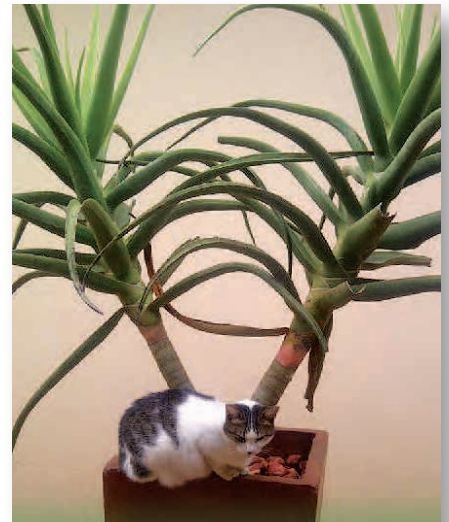
Life skills Training for *Disabled Learners*

USM's broad based black economic empowerment strategy involves an opportunity for the company to provide training to eight (8) mentally disabled learners. The course is presented in Durban and the learners will each complete a Life Skills course (NQF Level 1).



USM life skills learners are f.l.t.r, Dharshini Chetty, Estelle Padayachie, Vishma Sookdhav, Nerisha Moonsamy, Nozipho Hlongwa, Siobhan Ramsunkar, Nqobile Mnwcabe and Fundiswa Dinangwe.

The life skills qualification has a range of content which equips adults with intellectual disabilities with skills which not only opens up an opportunity for employment in a hospitality type environment, but more importantly equips the individual with the life skills to enhance independence and increase social integration. With the knowledge they gain from the course the learners are able to contribute to breaking down barriers faced in accessing the open labour market.



How can you not love this furry face?

Baby is by now a well-known feature when entering the mill. Stately and always with the best "paw" forward this feline can teach us a lot about great front-line service.

Moving Mountains

by Kobus du Plooy

Today I would like to tell you about the USM Civil Department, although the smallest department, we are responsible for a variety of essential services which is of great importance of the daily running of the mill. Our scope of work cover building maintenance, plumbing, carpentry, water reticulation, water purification, effluent, river water pump system, and last but not least the office fish pond!

Our tasks and operation is coordinated by our foreman Terry Bazley who is always there to keep an eye out to make sure that tasks are being performed smoothly.

While the factory has a crushing and an off crop season, the civils department are on call, 24 hours a day, 365 days per week. Some of the services we deliver are stand-by duty and operation checks. Our responsibility is also extended to cover the houses and buildings in River View.

The building maintenance cover the mill and the village in a wide variety of services which includes new installation work, maintaining and inspection of structures, plumbing and carpentry work.

Our department is also responsible for the water reticulation; water purification and river pump system which is essential in the smooth running of the mill; without water supply the mill will stop, which in turn is a loss in profit.

The effluent system is one of the oldest systems of its kind and is handling the capacity very graciously with only a slight odour protest here and there.

The civils team is also the proud keepers of the admin building koi pond which we maintain with the support from Sister Rachel who feeds the Koi's and also helps with the back washing of the pond's water pump.

Although I am still relatively new in the civils department, I know that there are many stories and funny incidents that can be told by the staff that have been around for longer, as we deal with many different situations daily.

The civils department believe in team work and we have a positive approach when it comes to our daily tasks. When performing our daily maintenance and operation checks the team members respect the rich and proud history of the mill and treat all the people and equipment in a similar manner.



Garden gloves on lunch break!



A brand new galvanized gate was recently sponsored and installed by the USM team, much to the delight of the children at the Senzokuhle Centre.

Cane Supply

The MGB estimate for the month of April 2013 is sitting at 1,250,430 tons and the mill has crushed 168,551 tons so far as from week 11 of the mill crush, which is 13.5% of the estimate.

Based on our crush budget we are behind by 27,589 tons and the reasons are as follows:

- The mill started a day later from the original budget.
- During the first week of start-up weather was not on our side as a result we are 16.5hrs rain stop more than the budget.
- Our schedule stops exceeds the budget by 3.2hrs to-date.
- Mechanical stops also exceeds budget by 77.4hrs to-date.
- Our crush year to-date crush speed is down by 5tons/hr, which equates to 3,500 tons.

With the big crop that we have this season our net outward diversion equates to 46,000 tons of which 25,000 tons will be pushed over the next 30 days starting from week 11. We also have an inward diversion of 10,000 tons over a period of 30 days from Pongola Mill in progress. Further diversions are on the cards and are busy being finalised.

A main focus area of the cane supply department is the quality of cane supplied to the plant and will pay more attention to this aspect this season.



SMALL SCALE GROWER PROJECT

Umhlana going well, 73 ha on the ground cane maturing and will be ready next season.

USM growers awarded for seriously good sugarcane

In a first for USM, two growers award ceremonies were organised by the cane supply division during April and May in an effort to encourage and thank the company's large and small scale growers for their continuous efforts to deliver good quality, clean sugar cane to the mill.



The growers who excelled were awarded certificates and practical farming equipment as a sign of appreciation.

USM Small Scale Growers (SSG) was awarded with certificates and functional gifts for their exceptional achievements during the 2012/13 season at the company's SSG Awards ceremony on Tuesday, 28 May 2013 held just outside Mtubatuba.

During the ceremony, SSG zone leaders who represent the more than 4000 small growers were encouraged during various presentations by Don Dalglish, Nhlakanipho Dlodlo, Adey Wynne and Graham Brown to spread the message among their zone growers to maintain and consistently deliver clean sugar cane, free from tops, sand and trash. In his animated presentation, Don Dalglish explained the value of clean sugar cane and the fact that this results in higher recoverable value sucrose sugar.



The USM Growers Award Categories

Small Scale Growers

NAME	CATEGORY
Alton Manquele	Best REL RV (15.2%)
Mirrian Tshangase	Best Purity (93.50%)
Petros Thethwayo	Best Fibre (9.66%)
Gloria Mkhwanazi	Best Ash (0.65%)

Large Scale Growers

NAME	CATEGORY
Pejay Trust	Lowest Fibre (12.42%)
Forest Hill Sugar Estate CC	Lowest Ash (0.98%)
Monzi farmers Pty Ltd	Highest Purity (87.41%)
Umfolozzi Co-Op Sugar Planters	Highest RV (12.43%)
Ronald Wiseman & Co	Best MGB Estimating below 1%
Sokhulu Community Co-Op	Increase in Cane Tonnage (20%)

Communication SURVEY RESULTS

During May this year, USM conducted an informal communication survey the purpose of the survey was to establish the effectiveness of internal communication and the employees' preferred means of communication. It is with great pleasure to share the outcome of the survey and to thank every team member who participated in the survey for their honest opinion.

The feedback for the communication survey is as follows:

Team Communication

About 70% of respondents believe that they are always kept informed of their immediate team plans and also suggest that there is good communication within teams.

Inter-team Communication

There was an indication that we still need to improve in this area as respondents suggested that the inter-team communication is either low or high. To improve in this area, team leaders are encouraged to use preferred means of communication such as meetings, electronic and notice boards to communicate with staff.

Management Communication

About 70% of our respondents believe that there is effective communication from management down to employees as employees are well informed of what is going on at USM. Respondents also indicated that employees are given the opportunity to share their ideas with management.

However, to further improve in this area leaders are encouraged to dedicate the first 10 minutes of each shift for *Making It Happen* idea sharing. This will improve bottom-to-top communication and could enhance productivity and safety awareness to all employees.

Communication Mediums

About 75% of the respondents indicated that they are satisfied with the quantity and quality of communication at USM. The survey suggests that most employees favour meetings, notice boards, Umbonowethu and the CEO's Imbizo Forum to receive important company news.

The survey's responses indicate that USM is currently catering for ALL the communication preferences from staff and that communication items should be duplicated across the various mediums in order to reach all internal target groups.

Welcome to our new Share Holders

USM Small Scale Growers

The USM Small Scale Growers have been granted the opportunity to buy shares in the company and was seen signing the Trust and Cane Supply Agreement during a USM Growers Awards ceremony on Tuesday, 28 May 2013. The signing of this agreement will secure possible dividend payments at the end of each financial year to the new USM SSG Shareholders.



Around and around the printer goes

The old faithful administration printer was recently replaced by a state of the art Canon image Runner 5240i. And, just when you thought it could not be more impressive, this multi-functional device is the first of such machines in the country and the technicians also learned as they installed the unit for USM.

Due to the nature of the beast the administration division has a high demand for printing and in desperate need for a printer that could cope with the amount of printing of reports, payslips, meeting documentation and all the increase letters.

The new Image Runner is capable of printing 40 pages per minute in full colour plus black and white. It can also fax, copy, scan to mail in colour to ftp, folder or e-mail. The machine also has capacity for 100 confidential mail boxes and has an automated duplexing function.

According to Gerhard Maritz, seen in the picture at the printer, the machine has run through the USM board packs for the June meetings and has already made a significant change to the amount of paper used. User training was supplied by Canon and we are looking forward to less stoppages and increased performance of the machines.

The new printer was a win-win acquisition all over with the old printer moving to the HR department, the HR printer moving to cane supply, the cane supply printer moving to the warehouse and eventually the circle was completed when the warehouse printer moved to the shift foreman's office where it solved a big printing problem. "The whole of USM gained in some way from the new printer. Keep saving on paper and toner! Think twice before you print," Maritz remarked in closing.



Sweet Small Seedlings



Nearly 1500 seedlings were donated by USM in an effort to assist the Mzondeni Orphan Care Centre and the Senzokuhle Development and Community Organisation in their daily feeding schemes to orphans and vulnerable children between the age of 6 and 18.

Seedlings that were supplied are cabbage, spinach, tomato, white onion, beetroot, green pepper and lettuce. Two hundred hot spinach seedlings were sponsored by the Country Bumpkin who supplied the healthy young plants.

Esther Bwambale and Wendy Stander helped deliver the plants to the two centres and were entertained by singing friendly faces such as Agrineth Mnyeni's (Mzondeni Centre Manager) seen here in the photo with Esther Bwambale (USM), Wendy Stander (USM) and two young learners from a nearby school.

Food Collection TEAM EFFORT

The goodie foodie bin is a corporate social initiative by the USM employees to collect and donate food items to the various orphan and vulnerable children care centres in and around Mtubatuba.

Says Wendy Stander, collection coordinator: "We appeal to all our USM employees and visitors to give what they can every week to help provide a healthy daily meal to the children at the various orphan care centres we support."

The USM goodie foodie bin is placed at the entrance into the mill and food items will be delivered to the centres on a regular basis. "Only non-perishable items in the bin – perishable items can be delivered with prior arrangement," says Stander.



Fun in the Sun



Adey Wynne (USM CEO) seen here with four of the development runners sponsored by the company to take part in this event.

On Sunday, 28 April USM employees took part in the iSimangaliso St Lucia Half Marathon and Fun Run at the Lake St Lucia Estuary section. This event also provides the opportunity to 100 development runners, sponsored by USM to be part of the growing annual parade of athletes and Sunday strollers pounding the pathways of Lake St Lucia's shores and beachside roads in this fantastic fundraising event. Different race lengths ensured something for everyone – and all ages took part.

The sponsorship of the iSimangaliso Development Programme supported learners from high schools and primary schools in surrounding communities to encourage a new generation of

environmentally aware young sportsmen and women, and the Rare and Endangered Species Fund continues to gather momentum as a vehicle for concrete support of conservation

The Eco-Series allows visitors to experience and interact with the outstanding universal values of this park, that was a disparate patchwork of conservation areas and state land amalgamated to form South Africa's first World Heritage Site in 1999. To be included on the World Heritage List, sites must have outstanding universal value and meet at least one out of ten selection criteria. iSimangaliso met three: ecological processes, superlative natural phenomena and scenic beauty, and exceptional biodiversity and threatened species.



It was smiles all over for USM employees who took part in the race.



Proud mom!

Vimela Michael's son, Lester Anthony Michael recently graduated with a national Diploma in Information Technology from the Durban Institute of Technology.

