“Well done on these winning numbers!”

2005 Audited Results

- 56% increase in profit attributable to ordinary shareholders
- 53% increase in headline earnings per share
- 49% increase in annual dividends

Winning news!

Sunday Times Business Times Top 100 Companies Awards

- Grindrod Top Company (for the second year running)

2nd Annual Maritime Achievers Awards

- Grindrod winner Best Business Enterprise
- Eyethu winner Black Owned Maritime Business (for the second year running)

2005 has come and gone and we are already into 2006. It is amazing how quickly time goes by. It is also amazing how as a listed company one works so hard to achieve favourable results and then at midnight on the 31 December each year everything is kicked back to nought and we have to start again in our efforts.

This is more the case for Grindrods going into 2006 than ever before. We have such a changed company that we are now having to deal with and we have set ourselves such high targets but with the strong Rand and shipping markets coming off we are going to find it harder to achieve.

"I however have no doubt we will lift our game to the challenge and that Grindrods will be an even more successful company in 2006."

In our endeavours to meet the expectations of the investment world as a listed company, we have diversified quite substantially over the recent years. Landfreight Logistics is now a huge business covering many fields. We have entered commodity trading and have purchased Marriott Bank which will now become Grindrod Bank, we have gone into rail and could possibly be into air transportation going into the future. This is besides the huge growth that is taking place in our shipping operations.

In simple terms, your company is now reaching profitability of close to R1 billion, has over 100 ships that it owns or charters in and has a turnover that is likely to reach R10 billion this year. Compare this to a breakeven company with several ships and turnover of R1 billion six years ago and you will be able to realize all the hard, good work that has gone under the bridge over the last six years. Well done to everyone and thank you for your efforts.

However the bigger you get the harder it gets and the more need for even closer management of our day to day operations. You know the old story tall trees blow in the wind. Well whether we like it or not, we are a tall tree today and I have no fear that the wonderful Grindrod people together with our huge customer, product and supplier base will be able to handle the different league that we find ourselves in. Not only will we handle it but we will grow bigger and better.

My ambitions are certainly to at least double the company's size in the next three years to the end 2008 and to make us a company where shareholders can see sustainable growth in earnings. To achieve all this we are going to have to grow further and I suspect a lot of the areas of growth will come from:

- Growing our shipowning and operating base by buying and chartering in ships in a lower shipping market that is likely to occur in the near future
- Growing our newly acquired commodity trading business and making acquisitions in this field
- Consolidating and growing our existing freight logistics businesses by using our good name and operations to increase our market share
- Growing our freight logistics business by acquiring other businesses
- Growing Grindrod Bank (previously Marriott Bank) to a substantial South African empowered bank

To achieve all this Tim McClure and Alan Olivier and their teams in Island View Shipping and Unicom Shipping will have to be nimble and looking for new opportunities which I am sure are going to arise in the months and years ahead to buy ships and
to buy shipping companies and to extend our relationships and business with existing partners over and above increasing our trading activities.

Through Atlas Trading & Shipping, Oreport and Cockett Marine we will see ourselves growing these businesses through good trading, additional financial muscle, cross marketing, acquisitions, as well as simple organic growth to lift these businesses to much greater heights. We could well be looking at further areas of commodity trading to expand our base.

John Jones, Dave Rennie, Laurence Stuart-Hill, their teams and our good partners in the logistics arena are going to have their work cut out to consolidate our already strong base and build it from there as well developing new acquisition opportunities. The company will be broadly based into land, road, rail, air and sea logistics and will be looking for opportunities for public private partnerships and big and small acquisitions.

Grindrod Bank is, in my view, going to be an absolute winner going into the future and Dave Polkinghome and his team have a wonderful opportunity to set the platform to create South Africa’s truly South African Black Empowered Bank of the future.

Over and above all this, Tony Stewart and his team are grinding away at international financial opportunities including encouragement of international shareholders, ship and other financing opportunities, credit rating for Grindrod and possible bond issues as well as various other financial deals which back up the operating divisions. This is all in addition to simply keeping our books of account in order and meeting all our corporate governance issues and dealing with matters of risk, IT, personnel, secretarial etc. etc.

Above all this Alison Briggs will be taking care of our growing public relations to ensure that Grindrods holds its good name and flies its flag high in the market place.

I suppose that leaves very little for me to do other than lead the wonderful orchestra of Grindrods forward into yet another exciting phase of its development.

What I have said above involves each and every one of us in Grindrods and I wish you great enjoyment and fun in working together in this first class group to make it bigger and better going into the future.

This is all not possible without our extensive customer base and we say with great sincerity to our customers that we will continue to look to do better and better in providing you with the right service at the right price and in the right atmosphere. There will always be areas that we need to look at to improve and lets do that together and work them out together.

We have a wonderful worldwide supply network for the purchase of ships, charter of ships, financing and all other supplier requirements and again here we look to developing long term relationships with all our suppliers.

Enough said – here’s to the future of Grindrods and thank you all very much. It really is an amazing experience for me watching it all happen.

Grindrods - "A First Class Company!"

The headlines in the Business Times on the 13th November 2005 read - "Grindrod does it again!"

For the second year running, Grindrod was awarded the prestigious title of "Top Company" in the Sunday Times Business Times Top 100 Companies Awards.

In an interview for the Business Times, Ivan Clark said: "Last year’s award had a hugely positive effect on Grindrod. It lifted staff morale and raised the companies profile in the financial and investment markets - where it is now viewed as a first class listed company!"

Just weeks before, at the 2nd Annual Maritime Achievers Awards held at the Durban International Convention Centre, Grindrod was announced the winner in the "Best Business Enterprise category" and Eyethu, also for the second year running, was announced the winner in the "Black Owned Maritime Business" category.
Walvis Bay Corridor Group & Grindrod to develop the Trans Kalahari Corridor

Importers & exporters in Gauteng & Botswana can anticipate reduced transit times at competitive costs for cargo moving from or to Europe and the Americas.

A memorandum of understanding was signed in Johannesburg on the 15/02/2006 between Walvis Bay Corridor Group (WBCG) and Grindrod. Grindrod having been selected as the logistics partner will together with WBCG, develop the Trans Kalahari Corridor, a freight route between Walvis Bay, Botswana and Gauteng (South Africa). This corridor will offer importers & exporters in Gauteng & Botswana an alternative port to that of Durban, specifically for cargo moving to or from Europe and the Americas. John Jones (Executive Director, Grindrod) said that using this corridor could reduce transit times by more than four days.

Grindrod has undertaken to perform the logistics management & marketing function supported by the WBCG. “In order to offer a complete supply chain solution for customers, Grindrod will harness the services of shipping lines, Namport, Transnamib, road hauliers and clearing & forwarding agents, managing the movement of cargo between the port in Walvis Bay and the final destination or origin in Botswana or Gauteng”, said John. He went on to say that key enablers of this process are integrated IT systems and skilled logistics operators.

Sebby Kankondi (Chairman of WBCG and MD Namport) said that this agreement would benefit both parties in that Grindrod would bring increased volumes to the corridor and in turn would benefit from gaining exposure to a new market.

Grindrod establishes links with ASP

Co-operation between the ASP Group and Grindrod was enhanced at a reception in October last year for Ivan Clark and Jeanne Clark, at the ASP Australia office in Melbourne.

The ASP Ship Management Group has over the last decade become one of the leading third party ship management companies providing integrated marine services. The ASP Group operates decentralized fleet management offices based in UK, Norway, Finland, Singapore, Australia and Germany. Each of these offices is structured to manage about 50 vessels for owners in their immediate geographic area and carry DOC’s for most vessels and Flag States.

Both Ivan Clark and ASP Group MD, John Bowering, addressed the gathering, both recognizing synergies between the groups and highlighting the potential for the groups to work together. ASP’s worldwide representation and its special links with Asia and the Pacific could offer opportunities for both companies whilst Unicorn Shipping’s Cadet Officer training scheme provides an additional source of crew training.

Guests at the reception included:
- Mr Bruce Mildenhall (MP, Parliamentary Secretary to the Premier of Victoria);
- Mr Peter Bramwell (Gadens Lawyers);
- Mr David Sterrett and Mr Lachlan Payne (Australian Shipowners Association);
- Mr Brett Whiteoak (BP Australia);
- Mr Robert Springall (Middletons Lawyers);
- Mr Pratap Shirke (ASP Group Chairman);
- Mr Tom Badelka (Furness Withy Australia Pty Ltd);
- Mr Peter Collins (Victorian Dept of Innovation, Industry and Regional Development);
- Mr Nigel D’Souza (Bluescope Steel Logistics);
- Mr Michael Fletcher (DNV Australia);
- Mr John Francis (Thompson Clarke Shipping) and Mr Campbell Haig (Clarksons).
Oranjemund Antarctic Adventure

Unicorn Shipping’s smallest and oldest vessel, the 2,000 dwt mini-tanker ORANJ EMUND, returned to her homeport Durban in January this year, on completion of a remarkable record-breaking voyage.

The diminutive tanker was chartered to refuel and re-provision Greenpeace vessels in Antarctic waters where the environmentalists are engaged in harassing Japanese whalers shooting hundreds of whales purportedly for “research” purposes. Departing Durban on 20 December the assignment took the Durban-built ship through the “roaring forties” and “screaming fifties” to sixty degrees south – the highest latitude ever visited by a Unicorn vessel – and by few merchant ships not specifically designed and outfitted for polar operations. Her homecoming also represents the ship’s longest non-stop voyage – some 7,500 miles port-to-port and one month duration, during which she also celebrated her 30th anniversary.

ORANJ EMUND safely negotiated probably the most severe weather and sea conditions of her long career as she twice transited the “weather factory” latitudes of the vast Southern Ocean. Force 10 gales and swells higher than the ship’s masts enduring for days thoroughly tested both ship and crew, and sub-zero wind-chill temperatures and snowstorms and dodging of icebergs were in stark contrast to the conditions normally experienced at this time of year by the ship and her long-serving Master, Capt Gaston Albergaria, his crew and ship’s cat Tommy. However, the ship and her 14-man complement were well-prepared for their adventure.

Prior to accepting this extraordinary charter, Unicorn officials and the ship’s Officers conducted a thorough risk assessment analysis. All likely hazards involved in such an undertaking were identified and counter measures and contingency plans were debated and put in place.

As ORANJ EMUND was not built for such extended voyages her limited fuel and fresh water capacity had to be supplemented by carrying additional fuel in her cargo tanks while fresh water was loaded into her ballast tanks. Temporary pumping arrangements were provided to enable their safe transfer during the voyage. One each additional spare pumps and hoses and tools.

Every member of the crew was provided with suitable polar work wear while polar-fleece sleeping bags supplemented the duvets on the beds. Everyone was issued with a survival immersion suit. Even Tommy the cat received a knitted woollen overcoat. Although portable electric heaters were supplied to the ship for the voyage, surprisingly they were unnecessary as the ship’s living areas were remarkably warm – testimony to good quality of insulation built into the ship by her Durban builders. Originally it was intended to leave the engine room internal doors open to permit the warm air to permeate the accommodation areas, however resort to even this simple expedient was not required.

Before departure the ship’s radio equipment and navigation gear were thoroughly checked. The original autopilot was renewed and an additional satellite radio communication system was temporarily provided. All safety and survival equipment was carefully checked and serviced.

Regular reporting and emergency communication procedures between the ship and Unicorn were agreed. By using the ship’s regular satellite-based security alerting system Unicorn officials were able to continuously track the ship and monitor the ship’s speed and heading from their office and home computers.

In contrast to the earlier weather mayhem and chaos, the conditions at the ship’s eventual rendezvous locations were as calm as the proverbial mill-pond and the ship-to-ship refuelling operations were conducted expeditiously without spillage or other incident, and with ORANJ EMUND receiving a signal of commendation from the Greenpeace flagship ESPERANZA for a job professionally executed.

Navigation in the ice called for extra vigilance and extreme caution as low-floating “growlers”, bergy-bits and huge icebergs pose great hazard to the vessel, particularly given reduced visibility by radar as well as by eye on account of snow, sleet, fog, rough seas and high swells. On one occasion ORANJ EMUND had to retreat northwards on account of advancing ice. Numerous icebergs were encountered including one estimated by Capt. Albergaria as larger than Robben Island and on the homeward passage icebergs were still being encountered as far north as 49 degrees latitude, not far from Kerguelen Island.

Originally delivered to Unicorn from Dorman Long’s Bayhead Yard in January 1976, the ship spent the first 25 years of her life engaged almost exclusively on the company’s Cape Town - Port...
Oranjemund’s record voyage

Nolloth trade for which the handy ship had been purpose-designed and built with a shallow-draught, twin screws, twin rudders and bow thruster. Following the phenomenal natural silting-up of the desert port some eight years ago and its subsequent inaccessibility to vessels any larger than fishing craft, ORANJEMUND kept Luderitz supplied with diesel oil out of Cape Town, and refuelled diamond-mining dredgers and trawlers at sea off the Cape and Namibian coasts in so-called STS (ship-to-ship) operations – the same method that was used to refuel the ships in the Antarctic. The versatile ORANJEMUND also assisted with a number of local salvage operations involving grounded ships, more recently those of the tanker NINO on the Transkei coast and the container ship SEALAND EXPRESS on Milnerton beach.

Sadly and notwithstanding her successful and interesting career and her excellent condition, the “little darling” of the fleet no longer fits Unicom’s modern fleet profile of much larger and sophisticated tankers. With Unicom to take delivery of at least thirteen further new tankers from Korean and Chinese yards before the end of 2008, ORANJEMUND is on the market looking for a new owner.

Presentation of the IVS Clark

Ivan Clark was presented a model of the “IVS Clark” by IVS in February 2006 as a token of appreciation for his support. The model is a scale model of a 32,000 deadweight bulkcarrier built at the Kanda shipyard in Japan.

IVS has chartered/purchased 11 vessels from the Kanda shipyard and has already taken delivery of 9 of the Kanda ships, the remaining 2 will deliver in 2007. IVS is the largest owner/charterer of the Kanda vessels. The 32,000 deadweight vessels have the maximum LOA for the Kanda yard as can be seen from the picture where the bow is protruding from the shipyard into the street/town!

TBN Club lunch function

More than thirty seasoned maritime professionals attended the year-end lunch function of the TBN Club, the Gauteng social arm of ASABOSA (Association of Ships Agents and Brokers of South Africa) at Bryanston Country Club on 13 October. It was hosted by the National Chairman of ASABOSA - Robbie Gardner from Durban and Gauteng representative Roderick Eaton.

Guests included representation from the National Ports Authority, the South African Association of Freight Forwarders, the South African Express Parcel Association, the Shippers Council, the Chartered Institute of Logistics and Transport and the Institute of Chartered Shipbrokers.

The National Ports Authority generously sponsored the lunch, allowing the proceeds to be donated to the Mission to Seafarers, the industry’s favoured charity.

The theme of the gathering was the responsibility of the maritime sector to apply its voice and resources to sustainability of the industry in South Africa.
LCL Grindrod Pty Ltd

Grindrod and LauritzenCool Logistics (LCL), recently joined forces in sea and land based perishable logistics in Southern Africa. The newly formed LCL Grindrod Pty Ltd has been in operation since January this year.

LCL Grindrod is based in Cape Town with offices in Durban, Port Elizabeth, Johannesburg, Komatiepoort and Maputo. Johan Kruger, Executive Director; LCL Southern Africa said that during 2006 the company is expected to handle about 150 000 pallets of fruit to destinations mainly in Europe, North America and the Far East.

LCL has spearheaded the development of integrated logistics for perishable cargo by providing customer driven supply chain management in Southern Africa and world wide, said Johan. “This joint venture will create a wonderful platform to further enhance the integrated supply chain solution for customers, now including a full forwarding service.” LCL is a subsidiary of the NYKLauritzenCool group which is a 50/50 partnership between NYK and J. Lauritzen.

John J, executive director Grindrod, said that this merger is in line with the group’s vision of offering complete supply chain solutions. “LCL Grindrod’s overall objective is to offer a value added fully integrated one-stop solution for customers in the fresh or frozen foodstuff or other perishable cargo industry”, he said.

Through the LCL group global network of subsidiaries, partners and sub-contractors, LCL Grindrod will have access to the most value adding and cost efficient transport solutions for any given requirement and can offer its customers all-in rates to all major markets in the world.

Outstanding service - Reaaz Essop

Reaaz Essop was recently commended for outstanding customer service. In the words of Mike Koch (Port Operations Manager, Columbus Steel): “Over the past few years, Reaaz has stood out as a person committed to customer service. There is never a time, night or day, that he is not available or ready to give feedback. My first encounter with Reaaz was in Dec ‘03 with the loading of a ship at New Pier. The ship worked until 22h30 on Christmas Eve and Reaaz was there until work was completed. This dedication and commitment has been unfailing over the last few years. Another example in Dec ‘05 – Reaaz went way beyond the call of duty, giving feedback on container performance and cargo deliveries into the early hours of Christmas morning. He is not required to work these hours, nor were these functions his responsibility, but he identified potential problems and made it his mission to find solutions. This dedication and loyalty are sought-after qualities, and Grindrod can be proud to have someone like Reaaz in their service – he has become a crucial link between our two companies.”

ISO accreditation for GJ & J

On Wednesday 9th November 2005 Grindrod J & J Logistics celebrated quality week with a function to mark their accreditation to ISO:9002.

Speaking at the function Mike Fisher, Grindrod J & J MD, thanked all the staff from the depots around the country who had helped the company to achieve this goal by writing the policies & procedures, studying to become internal auditors, doing internal audits, logging PIRs etc. “Our staff have been absolutely fantastic in their dedication to this project, ensuring that TQM becomes a seamless process in the company. Mandy Duncan, the TQM Manager has been tireless in ensuring that the project stayed on course to accreditation.”

Alison Wewege of Isolink also spoke at the function. She said that many companies record non conformances as NCRs whilst Grindrod J & J have opted for a more positive attitude by logging Performance Improvement Reports (PIR). PIRs are logged on an electronic system which has been set up on GJ & J’s intranet – allowing staff quick access to policies and procedures, forms etc and ensuring all staff have ready access to the current version of all ISO documentation.

Speeches were followed by the handing over of the certificate and ISO flag. Guests were then treated to a tour of GJ J’s facilities and by a sumptuous lunch.
Grindrod J & J “making waves” in the vineyards!

In 2005 Grindrod J & J secured a 3 year contract with the local branch of the leading international clearing and forwarding agency for the wine industry, J F Hillebrand (Pty) Ltd (J FH). A few years back J FH decided to offer warehousing and ancillary services to the exporting wine producers and importing liquor distributors in South Africa – providing a value-add service for their clearing & forwarding customers. J FH entered into a joint venture with Barloworld to operate a warehouse in Paarden Eiland, near the port of Cape Town, where J FH customers could store wine ready for export or store imports prior to local distribution. On the termination of this joint venture last year, GJ & J was awarded the contract as the value-add logistics service provider.

Since October 2005, GJ & J has been operating a new dedicated and purpose-built facility for the wine industry in Rusper Street, Maitland. Specially insulated ceilings and large air conditioning blowers are in operation 24 hours, 7 days a week, maintaining the narrow temperature range required to ensure the longevity of the wine. Such has been the demand for warehousing capacity that additional capital had to be secured to install drive-through racking for pressure sensitive bag-in-a-box wine, which is very popular in Europe.

Rusper Street is now operating close to maximum capacity and further growth in the wine industry is “in the bag”. On Friday, 24th February 2006, GJ & J signed a contract with Winecorp, J FH’s largest customer in the local wine industry, to operate a dedicated warehouse in Neptune Street, Paarden Eiland for its stock and potentially that of its new alliance partners.

Operations Manager, Chris Briedenhann, has nothing but praise for his staff: “When this venture began we knew nothing of the sensitivities and nuances of the wine industry but have learnt so much in so little time. The staff have dedicated their weekends and public holidays to ensuring that we offer and maintain the high service levels that led J FH to knock at our door.”

Eastern and Western Cape GM, Alistair Petersen, compliments his customers: "We have had fantastic support from J FH in moving beyond the teething problems inherent in adopting a new industry. The management and staff of J FH have gone the extra mile to ensure that this fledgling venture has the opportunity to shine."

Grindrod J & J has become firmly entrenched in the wine industry and will grow its footprint in the wine supply chain in 2006 thanks to its customers, staff, facilities and service.

Autocarriers supplier of the year

David Roberts and Trevor Joseph accepted the Subaru Supplier of the Year award on behalf of Auto Carriers at a function at Sun City recently.

from left to right: Rui Silva (Vehicles Sales Manager, Subaru SA); Dave Roberts & Trevor Joseph (Auto Carriers); Allan Carter (Director Barloworld Motor)

Syd Oram and Breda Curran

A joint farewell function for Syd Oram and Breda Curran was held on the 6th December 2005.

Breda (second from right) retired in May last year after completing 32 years loyal and dedicated service. She had worked for Seasure Insurance Brokers in the role of Client Account Executive since 1996.

Syd Oram (third from left), the managing director of Seasure Insurance Brokers, officially retires on 28 February 2006 and will have completed 38 years and 7 months dedicated service.

Their expertise in the marine insurance field will be greatly missed. “Wishing you both many years of happiness, health and prosperity.”
Grindrod continues to fight killer disease...

Time magazine January 2006 reports two African children dying every minute around the clock from the blood sucking bite of the Anopheles mosquito. Grindrod continues to support Kingsley Holgate’s “one net, one life” expedition, which has now reached the Tanzanian island of Pemba.

The African Rainbow Expedition was officially completed on the 12th November 2005, a hot and humid African day. The exact location was north of the remote refugee village of Shakani on the Kenyan Somali border, alongside old phallic tombs. Some say Portuguese some say Chinese. To Kingsley they appeared to be ancient navigational markers.

As is tradition, on the completion of Kingsley’s expeditions, the calabash, which was filled with ocean water in Durban at the start of the adventure, was emptied into the Lamu archipelago and the adventure homeward bound began.

We pick up the story in Kingsley’s words...

Sailing back home, from the Somali border with the Kaskazi N.E. monsoon, and the help of the “Grindrod red Simba”, the tough 120 hp marine engine sponsored by Grindrod, we’ve reached beautiful Pemba. Here we are part of a project called Kataa Malaria, a hard-hitting Swahili word which means, “to resist Malaria”. Supported by USAID, the Global Fund and the Zanzibar Malaria control programme and our other South African sponsors, we are assisting with the distribution of 240 000 long lasting, insecticide treated mosquito nets to every pregnant mother and child under the age of 5 years. It’s proving a great challenge, The Spirit of Adventure dhow, loaded with thousands of life saving mosquito nets, reaching the difficult to get to out lying islands. And then, by inflatable boats, dug out canoes, bullock carts, and finally to mums with babies.

We’ve just played host to a media safari, local TV, radio and press, to include the Voice of America. We gave them a taste of expedition life in a journey to the island of Makongwe... rough seas, rain and mud, the joy on the mother’s faces, the children dancing; all part of an adventure to save lives.

Tonight we sail south with the moon, to Ras Nungwe, Zanzibar, Mafia Island and the ancient slave-trading terminus of Kilwa, following the old dhow routes. The Land Rover support party, also loaded with mosquito nets, is on its way to meet us.

January 25

We nearly lost it on an all night sail to Kilindoni... a rain squall hit us. The giant lateen rigged sail wrapped around the mast; massive swells, wild confusion lit by lightning and a swaying paraffin lantern. Then the relief of sunrise, the sighting of Mafia Island, and a good tasting Dorado caught on Ramazan Mangumbi’s hand line.

We will keep you updated...

Grindrod thank you for your support!