FROM THE BRIDGE
with Alan Olivier

Although the 2007 results have not yet been released it was another successful and eventful year, during which we bid farewell to Murray Grindrod and welcomed Ivan Clark as Chairman.

On 4 October, Island View Shipping took delivery of the IVS Cabernet, a Capesize bulk carrier of 180 000 dwt, the largest newbuilding in the Group’s history.

During January an order was placed with Dormac Shipyard in Durban to build a 4 500 dwt bunker barge. This will, with the delivery of our first two barges expected in the first quarter of 2008, increase our fleet of barges to three.

We were very pleased to conclude a BEE deal with Calulo Shipping. This will see the new empowered entities “Unicorn Calulo Shipping” and “Unicorn Calulo Bunker Services” servicing the South African tanker and bunker barge requirements.

Grindrod Freight Services concluded a landmark transaction with Dubai Ports World, which sees Grindrod and DPW owning 97% of Portus Indico, the company which manages Maputo Port and has a 51% stake in the Maputo Port.

With shipping freight rates and prices still at very high levels and demand for commodities still strong, the prospect and opportunities for 2008 look encouraging.

I thank you all for your valuable contribution during 2007 and wish you all the very best for 2008.

Thank you to a shipping legend for charting such a successful course for the Grindrod ship!

At a small farewell dinner at Auberge Hollandaise, the Group Executive presented retiring chairman, Murray Grindrod, with this magnificent painting of Quadrant House by artist Rob Macintosh. Enormous appreciation and thanks are due to Mr Grindrod for his wonderful leadership and example over the years and the Grindrod Group wishes him a long and enjoyable retirement!
**Grindrod’s biggest ship to date delivers**

In October 2007, Grindrod celebrated the delivery of the largest vessel built for the group to date.

The new 180 000 deadweight ton Cape Size vessel, named the IVS Cabernet (reflecting her South African flavour) is 289 metres long and 45 metres wide which is almost the length of 3 rugby fields and almost the width of one.

The ship built by Namura shipyard in Japan has a maximum draught of less than 18 metres and is designed to carry coal and iron ore, making her ideally suited to complement the Island View Shipping fleet (Island View Shipping is 100% owned subsidiary of Grindrod Limited). The demand for commodities such as coal and iron ore has continued to rise contributing to the demand for this type of vessel. The shortage of new buildings and the high level of confidence in the market’s long term sustainability have impacted on new and second hand ship prices, pushing them to all time highs.

Grindrod concluded the long term charter deal with G-ACE PTE Limited in 2004, at rates determined by the market value at that time. Though the specific amount is undisclosed, three years ago, the long term rates were around US$ 20,000 per day. They are currently almost double this amount.

“The strategy of ordering ships when markets have indicated a future shortage of a particular class of ship, has served us well,” said Mr. Alan Olivier, CEO Grindrod Limited. “We now have a modern, diversified fleet which will grow to 56 ships by the end of 2011.”

Mr. Olivier went on to say that Grindrod will continue to look for opportunities to grow the fleet. He also indicated that although a portion of the fleet is positioned to take advantage of high spot rates in the market, much of Grindrod’s fleet has been contracted.

This means that a good portion of Grindrod’s income and therefore profits are locked-in and will not be affected by fluctuations in the shipping markets.

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**Making Waves**

**BEE deal concluded between Grindrod subsidiary Unicorn and Calulo**

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The joint venture will consist of two entities operating in related, although slightly different maritime fields. The first entity, Unicorn Calulo Bunkering Services (Pty) Limited will be owned 74.9% by Unicorn with the balance held by Calulo Services. This company will own and operate sophisticated bunker barges in South African ports delivering bunker fuels to the maritime industry. These barges have been built to ensure the conservation of the environment.

The second entity, Unicorn Calulo Shipping (Pty) Limited, a 50% joint venture between Unicorn and Calulo will operate shipping services on the Southern African coast focusing predominantly on the tanker market.

This partnership brings together one of South Africa’s oldest shipping companies, Unicorn who celebrate their 75th anniversary in 2008, with new emerging operator Calulo Services, an empowered shipping and logistics services group that has enjoyed substantial growth since its formation 5 years ago. The arrangement with Calulo will replace Southern Tankers which has ceased operations.

Bryn Ressell, Calulo Services CEO said, “Calulo Services has created a significant operating presence in the Southern African tanker market. Teaming up with Unicorn will combine world class assets, skills and expertise which will enable the new venture to provide the South African oil industry with highly efficient and cost effective tanker shipping solutions. The arrangement also broadens Calulo’s presence within the maritime sector by providing Calulo with a spring board into the ownership and operation of bunkering vessels.”

Unicorn MD and Executive Director of Grindrod Limited, Laurence Stuart-Hill added “Unicorn and Calulo have been discussing the possibility of forming a joint venture for many years, so we are pleased to finally conclude this arrangement which will significantly improve efficiencies and service offerings.”

Stuart-Hill added: “while we are building the first two barges in China for delivery in May 2008, we are extremely pleased to announce the ordering of the third bunker barge from the Durban shipyard, Dormac.

Unicorn has ordered 11 ocean going ships in the past from Durban shipyards and is very pleased to again support the local industry thereby providing much needed jobs for South Africans.” The contract price is in the region of R80 million.
Back to the future...

Since the beginning of 2007 Ocean Africa Container Lines has introduced a number of new vessels, increasing capacity through the deployment of 1,100 teu container ships which are around 40% larger than those they replaced. The new comers reflect the company’s proud legacy, adopting the traditional names; Border, Barrier, Boundary and Ridge.

Pictured below are 3 of the older Unicorn vessels (Border, Boundary and Barrier) from which our new vessels’ names were adopted.

Oribi rescues fishermen in Mozambique Channel

At 00:55 on 1 September 2007 Second Officer, Aneez Chorakkad reported that his lookout, Ordinary Seaman J evan Rust could see a faint light and hear whistling and shouting. Considering Oribi’s position, and fearing a possible pirate attack, Captain Savage hurried to the bridge.

A very faint blue light could be seen on the starboard side coming from a small boat. After checking the radar and surrounding area, Captain Savage mustered all crew and stopped Oribi near the open boat. Two men in shorts and t-shirts could be seen paddling their boat towards Oribi. There was an outboard motor in the bottom of the boat, an empty plastic fuel drum and little else except for some pieces of fish.

were brought on board, placed under guard and searched. They had only a cell phone with them which was the source of the blue light, and they can thank their lucky stars that the Oribi’s lookout was vigilant.

They were given water which they gratefully accepted, their outboard motor was retrieved and the Oribi proceeded to Dar es Salaam with the boat in tow.

It turned out the men were from the Comoros islands some 85 miles away. They ran out of fuel while fishing and had drifted helplessly without water until found and rescued by Oribi. They were able to use the ships satellite telephone to contact their relatives and for the next 48 hours they watched movies and ate huge meals wearing clothing donated by the crew.

Unfortunately, their boat broke free from its tow as Oribi was approaching Dar es Salaam and was stolen by local fishermen! A representative of the ships P&I Club and local Immigration Officials took them ashore and it was later confirmed that they were flown home along with their outboard motor.
Grindrod expands into Lüderitz

In the beginning of 2007, Anglo Base Metals SA invited King & Sons Namibia to tender for the take over of the Namzinc import and export operations and warehousing facility in the port of Lüderitz.

Namzinc (owned by Anglo Base Metals) are the export arm of Scorpion Zinc Mine based at Rosh Pinah, near the Orange River in Namibia. Companies from Namibia and South Africa were invited to tender, and in June 2007, Anglo announced that the tender was awarded to King & Sons Namibia. With the consent of Anglo, the contract was allocated to Grindrod Terminals, and after lengthy negotiations, the contract was concluded on 15th August 2007.

The Lüderitz operation resides under Walvis Bay Bulk Terminal (Pty) Ltd., and trades as Grindrod Terminals Lüderitz.

The operation entails exporting zinc ingots in bundles produced by the mine and importing sulphur for the production of sulphuric acid which is used in the flotation and leaching process of zinc ore at the mine.

Approximately 6,500mt of zinc ingots in 1 metric ton bundles are either exported by special small handy sized bulk vessels or depending on client’s requirement, by containers.

Sulphur (in bags) is imported at a rate of approximately 12,000mt every 2 to 3 months.

Through its subsidiaries, Grindrod is able to offer an entire supply chain solution ranging from C&F and ships agency services provided by King & Sons Lüderitz, stevedoring services on vessels provided by Erundu Stevedoring, through to the warehousing operation which is handled by Grindrod Terminals. Says Reinhardt Küsters who has taken charge of the operation, reporting to Athol Emerton: “Grindrod’s presence in Lüderitz was strong during the 70s and 80s until operations ceased in the end of the 80s. In 2004 we reopened the office in Lüderitz under King & Sons but with our involvement in the Namzinc operation, we are back in full force which is very exciting. We have overcome a number of challenges in the start up period and are making good progress.”

The Terminal has also invested in two 7ton and two 4ton Nissan Forklifts which were delivered by Nissan SA in the beginning of October.

King & Sons (Richards Bay) welcomes “Pacific Accord” on her maiden voyage

The Cape Size bulk carrier “Pacific Accord”, under the command of Captain Anecito Puga was welcomed to Richards Bay in November last year. She was taking on 163 500t of coal bound for Portugal.

Visit to Inchcape office in Mumbai

Dan Dalton, recently completed a business trip to India, Singapore and Hong Kong. Pictured to your right is Dan with the office staff of Inchcape Shipping Services in Mumbai. The good relationship King & Sons have built up with Inchcape International Worldwide will now be further developed since Inchcape Dubai have taken over the BP hub agency.
**New Röhlig-Grindrod Head Office**

South African major Röhlig-Grindrod, with a countrywide staff complement of nearly 400 freight specialists, are delighted to have moved into their new Head Office premises in Longmeadow, Edenvale, Johannesburg, SA.

The new Head Office consists of a 5,000m² warehouse and a 2,600m² office structure housing the air and seafreight divisions.

This impressive facility was officially opened at a spectacular event on the evening of November 6th in a large nomadic marquee with close to 300 guests, including our distinguished shareholders from Röhlig Bremen Mr Thomas W Herwig and Mr Ian Hamon; our Grindrod shareholders Mr Alan Olivier, Mr Dave Rennie and Mr Murray Paul Grindrod; Röhlig-Grindrod directors, management, esteemed clients, service providers and the media.

In true African style hospitality, guests were welcomed by a traditional African choir. This was followed by welcome speeches, a comedian act and a jazz & blues band, whilst delicious cocktails and refreshing drinks were being served.

The event lasted late into the evening with guests mingling in a relaxed atmosphere and enjoying a festive celebration of the new premises.

The new secure and modern facility delivers outstanding functionality with high level IT and stylish amenities for staff, including a well-equipped gymnasium and leisure areas.

**Grindrod Logistics - Autocarriers celebrate Chana homecoming**

Four Chanas – a single and double cab bakkie, a seven seater CM8 and a small hatchback – left ChongQing in China and drove overland to Cape Town. The epic journey of more than 20,000 km’s in 80 days drove the vehicles through China along the ancient silk road of the Himalayas, crossing Pakistan on the Khunjerab Pass (highest paved border crossing in the world), experiencing 53 degrees heat in the deserts of UAE, Oman, Yemen & Djibouti, the rock-strewn roads of Ethiopia & Kenya, crossing the foot of Kilimanjaro in Tanzania, getting a drenching at the Victoria Falls in Zambia, viewing the animal crossings of Botswana and crossing the great Limpopo into South Africa; going all the way to Cape Point!
Grindrod Bank offers a SHARP! banking solution.

In early 2007 Grindrod Bank finalised an agreement with Net 1, to provide a card-based banking solution to the informal, un-banked market.

Using Net 1’s technology infrastructure, the bank now offers the un-banked wage earning sector a debit card, which facilitates wage payments and offers cost-effective banking services.

Agricultural, Mining, Construction and Fishing industries are some of the areas which immediately benefit from this system although the appeal and need for such a facility has a far wider audience.

On a very wet, muddy day in October 2007, Gina Goss (Grindrod Bank), Mlungisi Nogwaza (Net 1) and Mfundo Pikwa (Net 1), set off to the Bryden Dairy Farms in Kokstad. Their mission was to equip the 100 or so dairy farm employees with Sharp! debit cards.

The workers gathered in the milking shed and listened intently as Mlungisi explained, in Xhosa, how the system works.

“Your wages are paid directly onto your card, which can be used to draw cash or purchase goods at retail shops such as Boxer Stores, Rhino Cash & Carry, and Spar. You no longer have to worry about being robbed of your cash on pay days.”

Mlungisi went on to explain that a heat and pulse-sensitive scanning terminal would read a fingerprint, which would verify that the owner of the card is indeed the one making a transaction.

Net 1’s technology is currently well-established in 5 provinces, facilitating the payment of pension and welfare grants to approximately 4 million users. The footprint currently constitutes 4600 point of sale devices in 2500 retail outlets, a formidable platform off which Grindrod Bank’s Retail Division operates.

For more information please contact Gina Goss on landline no. (011) 459 1883 or send an email to retail@grindrodbank.co.za

Grindrod Bank assigned an investment grade credit rating.

After a lengthy process and in-depth analysis, Moody’s Investor Services has assigned an investment grade credit rating to Grindrod Bank. This enables the Bank to target depositors that have a statutorily imposed limitation of investing only with investment grade banks, such as Collective Investment Schemes (Unit Trusts and Money Market Funds) and some Parastatal and State/Local Government organisations. For more information, please contact Andy Norton or Tony Van Niekerk on (031) 333-6632.
Grindrod and DPW now each effectively own 24.74% of Maputo Port Development company.

In the 1970s the Maputo port was handling 15 million tons a year which declined during the civil war when the port fell into disrepair. In 2006 the port handled 6.5 million tons, its best performance in 25 years. South African cargo represented more than half of the exports from Maputo.

This came after the MPDC took over running the port in 2003. About R455 million was spent on restoring the basic port infrastructure. Being closer to Gauteng, the Maputo harbour will provide another option for exporters in Johannesburg and Pretoria. The port is believed to have the potential to handle 30 million tons a year.

Prior to holding an interest in MPDC, Grindrod had already invested in the Matola coal terminal at the Maputo port. Grindrod has doubled the coal terminal's capacity to 3 million tons and will double this again in the next few years.

The Maputo port car terminal, built by Grindrod, received its first shipment of vehicles in December 2007. The terminal has 1,500 slots available and has the capacity to handle 50,000 vehicles a year. This will be increased to 7,500 slots able to handle 250,000 vehicles a year.
MAKING WAVES
A news update for the customers, suppliers and staff of Grindrod Limited
January 2008

Staff news - moves and new appointments

Xolani new Grindrod Travel Sales Manager

Xolani joins the Grindrod Travel Team as Sales Manager – he has been responsible for some top level negotiations with major companies in the KZN region on behalf of SAA and we are expecting great things going forward.

Xolani joined South African Airways in September 1998 as a junior agent. He became a team leader in 2000 and lead the team to the CEO’s Service Excellence awards. He later became Key Accounts Manager. He has a total of 16 years sales experience in different industries, with 9 years airline and travel experience.

Hylton Gray new president of Weiss-Röhlig USA LLC

Hylton Gray, who was the Managing Director of Röhlig Grindrod until the end of last year, bids South African shores farewell as he sets off to assume presidency of Weiss-Röhlig USA LLC based in Chicago. We wish him well in his new role. Hylton will remain on the board of directors of Röhlig Grindrod.

Sarel Pretorius new MD of Röhlig Grindrod

Congratulations to Sarel Pretorius on his appointment as Managing Director of Röhlig Grindrod with effect from January 2008. Sarel has a wealth of knowledge and experience having been in the industry for 30 years, the last 8 of those with Röhlig Grindrod.

Kevin Stone appointed Branch Manager for King & Sons, Jhb

Kevin Stone is the new Branch Manager for King & Sons Johannesburg with effect 1 Nov 2007. At 47, Kevin has close to 20 years shipping and management experience in both agency and clearing & forwarding, and has worked for a number of C&F companies, as well as Nantai Shipping, Green Africa Shipping Line, Ignazio Messina, and Unicorn Shipping.

During his early years with Portnet he became familiar with the workings of the Durban Container Terminal.

Having spent a fair amount of time in sales management, Kevin is firmly focused on customer satisfaction.

Guess who’s a grandad?

Congratulations to Mahomed Kajee, GM-liner (King & Sons) who earned the title of “grandad” for the first time!!!
Update on the Grindrod supported Kingsley Holgate expedition

‘Africa Outside Edge’ Expedition – lives through adventure.
It is almost a year ago now, that Kingsley and his team set off from the Cape to follow the outside edge of Africa distributing life saving mosquito nets, reading glasses and books.

Extracts from Kingsley’s diary

We’re caught in the eye of a sandstorm, sand in the hair, eyes, mouth, nose, ears and beard, sand in the food, in the bottom of our battered enamel mugs of early morning coffee. Sand in the canvas bedrolls and in the engine oil. But sadly no sand in the Captain Morgan, it’s impossible, not allowed here, strictly forbidden. We’re following the outside edge of the Islamic Republic of Mauritania where the wind blown sands of the western Sahara are arrested by the North Atlantic. After the storm it is unimaginably beautiful, the dunes washed smooth by the wind and at night, the stars and the distant cry of jackal. Balaclavas, beanies, socks and jackets, the freezing desert nights bring back memories of Namibia’s Skeleton Coast. But that’s 19 countries and 7 months ago.

12 days after taking the ferry across the Senegal River into Mauritania we reach the high cliffs of Cap Blanc. We’ve survived the desert coastline of the least populated country in West Africa - ahead of us lies recently war torn Western Sahara, now part of Morocco where in the South we’ll have to be aware of the danger of unexploded landmines. As Christmas gets closer we’re all getting a bit homesick and talking about biltongs and braais, friends and family, so to all at Grindrod, best wishes for the New Year and thanks for being part of this crazy expedition to circumnavigate Africa. May we continue to save lives through the generosity of Grindrod and our other sponsors.

For more from Kingsley’s diary, please visit www.grindrod.co.za > click on “News” > click on banner “Kingsley’s diary” found on the right of the page.

World Diabetes Day

Dr Pillay from the pediatric and endocrinology department of Westville Hospital expressed his gratitude for Grindrod’s contribution to the diabetes fun day organized by his team on the 17 November 2007 - World Diabetes Day.

Children diagnosed with Type 1 diabetes, receive 2 to 5 insulin injections per day and will for the rest of their lives. The correct nutrition and medication will ensure that further complications such as kidney disease and heart failure do not occur later in life. This important information was communicated to children from all walks of life.

At Cap Tagant, a nomad’s tent serves as the expedition base camp.