

CargoComms



FESTIVE 2010

MESSAGE FROM THE BOLTONS

Growth in 2010 and beyond ...

2010 has been an exceptional year for Cargo Carriers

Despite the economic downturn, 2010 has proved to be a year of high growth, and this in a year in which many in the logistics industry are still reeling from the recession. Cargo Carriers had its best "new business year" in 20 years. News of important business gains have been consistently released over the past months and the company has made its biggest investment yet in tangible assets, with a further R112m invested in trucks, trailers and an extended branch network.

The foundation for an era of growth was laid through the strengthening of our balance sheet over the last number of years, which has not only put us on the acquisition trail, but provided us the opportunity to enter into joint ventures such as the one we have established with CECM in the Eastern Cape to move fuel, thus expanding our footprint in the fuel industry and in the Eastern Cape region.

Much of the positive performance must be credited to our industrial businesses, all of which managed to significantly improve their bottom line performances.

Through continuous innovation and investment, we optimized our fleet and payloads thus securing contracts within the cement industry and increasing our fleet by a further 30 dry bulk tankers. We have also gained work from the mining industry, an industry that was critical to our early growth over 55 years ago, and have been awarded a contract to deliver platinum matte.

Within our Chemicals and Fuels divisions, our relentless efforts to continuously improve Safety, Health, Environment and Quality (SHEQ) scores has seen us increase our fleet size by 33% through gaining new contracts, and the award of two new contracts has seen Cargo Carriers moving into the transportation of specialised gases.

In complying with the "green environmental" focus, Cargo Carriers set up a completely solar-powered depot in Evander. When the Evander hub was being constructed in 2009 the surrounding area's electricity supply was already overloaded and therefore unavailable. The decision to go solar was simple but radical. The depot is considered a giant leap forward in the logistics industry and is quickly becoming a key differentiator in tender processes for Cargo Carriers.

Sustainable development, including dealing with environmental challenges, is integral to our business. Ezethu Logistics, a Cargo Carriers subsidiary, has introduced South Africa's first Euro 4 compliant fuel distribution fleet in the battle against carbon emissions, advancing the

quest for sustainable transportation.

Although 2010 has been a tough year for our steel business from a volume perspective, we have managed to weather the global economic storm through our successful management programmes and the long term plan in upgrading our fleet and reducing fuel and maintenance costs.

Once again the weather patterns in Swaziland and Mpumalanga have given us a clear message that if we are to service an agricultural sector we need to have geographical diversity within our client base. With the African sugar belt expanding we are likely to see our business grow beyond South Africa, Swaziland and Zimbabwe into other African territories.



Our Solutions division is continually innovating solutions that reduce inventory levels, warehouse size, time spent on the road, fuel consumption and carbon emissions within green, service and cost optimised supply chains. This year started off with a broader client base which is now bearing fruit. The expansion into SADC countries is also proving promising.

Due to the strengthening of the Rand against the US Dollar, 2010 has been a tough year for our Trading division. The increasing alignment of SADC and growing commercial relationships between South Africa and its northern neighbours is creating opportunity for many of the Cargo Carriers division. Thus positive growth and improved business opportunities are forecasted for the year ahead.

All of the exciting achievements during the year would not be possible without the enormous efforts of all of the people that are the core of Cargo Carriers. These advances are made through the untiring, dedicated efforts of a wonderfully loyal and capable staff. It is at times such as these that we reflect on the past year and really appreciate the small and large efforts that make Cargo Carriers not only a successful business, but also a safe, ethical, and sustainable place to work.

We thank our customers, staff and suppliers for their contribution to the successes we experienced in 2010 and we would like to take this opportunity to wish you and your families a safe and happy Festive season and hope that the New Year will bring good health, happiness and prosperity.



Growth, Innovation, Empowerment, Sustainability, Tenacity, Team Work and the Spirit of "Ubuntu", these are words that were truly lived out by the Cargo Carriers Family in 2010.

GROWTH

2010 saw many new contracts awarded to Cargo Carriers



Lafarge is one of the major cement companies in Southern Africa with a production capacity of over 3 million tons per year. The company's Lichtenburg cement works is the largest and one of the most technically advanced cement production facilities in the country.

The signing of the contract with Lafarge will see Cargo Carriers initially operating 30 dry bulk tankers, Mercedes Benz Actros 2644's, with an opportunity to further expand this operation. Loading of the cement will take place at Lafarge's facilities at Lichtenburg, Randfontein and Kaalfontein for delivery countrywide.



Exceptional service and unwavering safety levels are fundamental to every aspect of business at Afrox, South Africa's largest gas and welding products supplier. Having won 50% of the Afrox business on offer, Cargo Carriers will be lead distributor for the Oxygen, Nitrogen and Argon produced at Afrox's Witbank plant, as well as the

lead distributor of CO² from the Naledi plant in Sasolburg.

Both Afrox and Cargo Carriers follow stringent procedures to ensure high SHEQ standards are maintained. Cargo Carriers make use of not only one, but two 'drive-cams' in their vehicles dedicated to the Afrox contract – one which focuses on the road ahead, and one that monitors the driver of the vehicle. Recordings are used as a learning tool to identify where the company can improve on safety.



Over the past 50 years we have built strong and lasting relationships within the various industry verticals, having maintained its relationship with ArcelorMittal in excess of 30 years.

Greening the Supply Chain



Top: (Left to right) Basil Sutherland; Johan Prinsloo; Quinton Mulder; Wimpie Kruger; Jay-Jay van Niekerk; Chris Botha; Retha Maree; Elmarie Ollewagen; Morkel Erasmus; Mark Quinn

Right: (Left to Right) Sasol Synfuels: Chris Botha - Transport Manager; Retha Maree - Procurement Advisor; Morkel Erasmus - Logistics Manager



The contract involves the transportation of pitch coke from the **Sasol Synfuels** Secunda plant to various Sasol clients around South Africa. A high purity carbon residue that is derived from coal tar pitch, pitch coke is used in metallurgical refinement and the manufacture of anodes and cathodes.

Cargo Carriers took on the innovation and developed a depot that runs completely off solar power. Self-sufficient and energy-efficient, the environmentally friendly depot in Evander has already proved a success. A number of Sasol projects are now being lined up to take advantage of the green depot.

Introducing SA's first Euro4 fuel distribution eco-fleet



Ezethu Logistics sets emissions benchmark in the transport industry. With only 9% of transport companies currently investing in low carbon initiatives, Ezethu Logistics is helping to improve our transport sector's reputation. In bringing the first Euro IV fuel distribution fleet into South Africa, Ezethu has positioned itself as a leader in environmentally friendly transportation.

Ezethu's recently awarded contract with **Total** involves the transportation of fuel from Waltloo to Pretoria and Pretoria North.

CECM

The company has secured a 50-50 equity deal with Caltex Eastern Cape Marketer (CECM) to establish a new transportation business for the "last mile" distribution of Caltex fuels and lubricants into the rural Eastern Cape. Operations currently include the use of eight dedicated bulk tankers to service the Eastern Cape area.

This equity partnership allows us to further expand our footprint in the fuel industry and opens up opportunities for us to partner CECM in their expansion.

INNOVATION

CHEMICALS: The move to new technology and the introduction of 10m wheelbase trailers led to an increase in payloads and decrease in maintenance costs, tyre wear, and fuel consumption. These innovations bode well for our future competitiveness. We have increased our fleet size by 33% in order to service new contracts.



TECHNOLOGY: CargoSolutions, a division of Cargo Carriers, recently won Gold at the 22nd Annual Logistics Achiever Awards held at Emperors Palace on 16 September 2010, for their work within the footwear industry. CargoSolutions specialises in custom logistics solutions that are designed to improve the effectiveness and efficiency of supply chains. The company implemented a methodology for the footwear industry known as the Theory of Constraints (the preferred process in adapting supply chains around the world).



Garth Bolton & David Janse van Rensburg

EMPOWERMENT

Owner Driver programme

Infield Tractor



Cargo Carriers Swaziland entered into a 48-month service agreement with each of the 11 new Owner Drivers and, in terms of the service agreements, certain portions of two Cargo Carriers Swaziland contracts will be outsourced to the Owner-Drivers.

These include the hauling of infield cane (with road train bin trailers) from fields to loading zones or field edge (Simunye Branch) and the hauling of cane from fields (with M & N 14 ton spiller trailers) to the mill (Big Bend Branch).

Empowering our Drivers

Cargo Carriers recognises the importance of on-going driver training. In a skills short environment our new training facility at Sasolburg gives us the ability to train and re-train drivers and technicians to the highest possible standards. The training centre uses results collected from various high tech tracking and monitoring systems to identify potentially unsafe driving habits that require re-training in an effort to prevent accidents. The company also works hard to ensure other quality standards are maintained.



Training Centre

SUSTAINABILITY

SHEQ'ing up the Profits

The ability of Cargo Carriers to compete in the fuel sector depends on its ability to price services competitively whilst running the highest possible levels of safety, health, environmental and quality (SHEQ). And while we have always upheld the importance of SHEQ, its attainment at the highest levels has become an ethical standard in our business.

But our accolade in the market place has been our BBBEE score. We have once again proved our ongoing commitment to achieving Broad-Based Black Economic Empowerment by not only improving from a Level 7 contributor to BBBEE in 2008 to that of a Level 6 contributor in 2009, a recent audit verified the company as a level 5 contributor with a value-adding status in 2010. This allows clients to claim 100% of their business spend with Cargo Carriers towards their procurement scores.

SHEQ scores: making the difference between the Good and the Great

At Cargo Carriers SHEQ is integrated into the business with the development of formal management practices, which includes compliance with all other legal and other requirements that relate to Health, Safety and the Environment. We work hard to maintain our ISO 9001 quality and 14001 environmental certifications, and have also implemented OHSAS 18001 – an occupational health and safety system.

OUR STALWARTS

We recently celebrated 30 years and 40 years service, which once again affirms our core strategic drivers – recognising our people and celebrating their hard work, loyalty and commitment.



*Johnny Abbott – Vanderbijl Park
Celebrating 40 years service
Garth, Johnny & Murray*



*Tom Mennie - Head Office
Celebrating 30 years service
Garth, Tom & Murray*

PROMOTIONS & NEW APPOINTMENTS

We recognise our staff and congratulate them on their recent promotions and we welcome all new staff to the Cargo Carriers family.



*Cargo Carriers
Ltd Board
Members*

TENACITY

2010 has been very good to us, old and new and renewed contracts have already delivered a 40% growth in annualised income for the business. We have had to recruit 150 experienced drivers, and a further 25 people into management and supervisory roles and the challenge doesn't stop there. Growth of this proportion also has a profound effect on the financial position of transport companies. But the strengthening of our balance sheet over the past two years has meant that we have been comfortably able to finance the 71 new rigs we have commissioned during this growth phase.

The new business has introduced Cargo Carriers to a new industry (Gas), and has reintroduced it to an industry that was critical to its early growth over 55 years ago (Mining).

Pelchem – Top Supplier award 2010 goes to Cargo Carriers

Supply Chain Management (SCM) is increasingly becoming a new focus area of business success, and spans across the entire value chain from uninterrupted raw material and services supplies through manufacturing to delivery of the end product to the consumers. Pelchem has extended its SCM performance measurement to include their strategic suppliers and service providers, thereby providing a collaborative risk management and learning platform for strategic partnerships that contribute to mutual business successes.

Cargo Carriers was rewarded with the Top Supplier award of 2010 by Pelchem. Pelchem and Cargo Carriers have a long standing relationship since 1984 which has improved and matured throughout the years as demonstrated by one of our drivers David Mkwana's retirement after 26 years of service on 31 October 2010.



*Receiving
Top Supplier
Award of
2010
Garth Bolton;
Eddy Valkenburg
(Pelchem);
Murray Bolton*

Long Service Awards 2010

10 YEARS

- Michael Mthembu Mhlume
- Mbongeni Dlamini Simunye
- Sikelela Simelane Simunye
- Tsabedze Margeret Simunye
- Shongwe Mfanuilile Simunye
- Bhekinkosi Dlamini Big Bend
- Musa Mamba Big Bend
- Sibusiso Simelane Big Bend
- Lebenya Maloro Lesotho
- Lebogang Mphirime Bloemfontein
- Carol Kalamer Head Office
- John Sprenger Head Office

20 YEARS

- Richard Ndzimandze Simunye
- Alexeuse Gamedze Simunye
- Charles Sihlongonyane Big Bend
- Nayan Parbhoo Head Office

30 YEARS

- Msongela Sumbane Malelane
- Mkhwanazi Aubrey Malelane
- Sarel Lubbe New Castle

40 YEARS

- Phillemon Mthethwa Malelane



The Spirit of "Ubuntu" (I am because we are)

AYOBA – "GEARING UP TO 2010 Fifa World Cup™"

Whether it was "ole ole ole" or "hup hup hup"
Cargo Carriers definitely "scored a goal"

Getting into the Soccer Spirit

Head Office hosted their own in-house "Laduma" betting system.



Top: (Left to right) Some of the winners of the "LADUMA" competition Alyna van Staden; John Sprenger & Shaneel Maharaj. **Bottom:** Pauline Legodi & Kevin Barron; Dawid Janse van Rensburg.



Cargo Carriers once again took the lead in the transport industry sporting our drivers all kitted out in their brand new 2010 Soccer shirts.

Snapshots from our branches...



MOMENTUM 94.7 CYCLE CHALLENGE

Sunday, 21st November 2010 - our Cargo Cyclists once again took to the streets of Gauteng to show their mettle ... well done!

Name	Time	Name	Time
Craig Kalamer	02:32:33	George White	04:11:46
Garth Bolton	03:34:58	Nicholas James	05:15:24
Murray Bolton	03:37:53	Alistair Franklin	05:25:51
Sean Opperman	04:00:22		

SENMIN BOWLED OUT

The second of our matches with our respected customer Senmin (Chemserve group) was played with much excitement (and revenge) on 25th November 2010. Senmin having thrashed Cargo Carriers in their very first game played in July 2010 this year.

The various mixed teams from both sides certainly enjoyed the competition and getting to know each other on a social basis, score now 1-1 next match March 2011, "Keep on bowling!"



Cargo Carriers & Senmin Ten Pin Bowling Teams

WE SUPPORT THE FIGHT AGAINST AIDS

Sasolburg branch – supported the Worlds AIDS day bannerthon "Surround-our-Ground" on the 1st December 2010



ON THE GREEN

The Cargo Carriers / Senmin Golf day was held in Parys Saturday, 27th September 2010 and once again the day proved a huge success.



(Left to right) Garth Bolton; Jules Aupiais (Senmin); Patrick Dicks (Senmin)



(Left to right) Jay Jay van Niekerk; John Cullen (Senmin); Frans Labuschagne (Senmin); Pieter Labuschagne (Frans' son)