

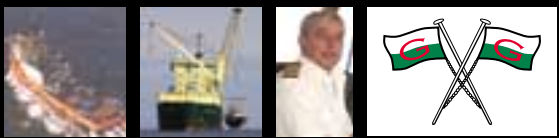
GRAIG HORIZONS

THE NEWSLETTER FOR THE GRAIG GROUP
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Getting Value from Co-operation

In the global economy, shipping is the most global industry, and every other global industry depends on it.

It runs on well-tested contractual lines, lubricated by a great deal of trust.

But while shipping pools show how there is strength in numbers for shipowners, there is surprisingly little co-operation between players from different sectors when it comes to newbuilding projects.

"We believe firmly that if the strengths of a number of players from different sectors can be combined in one project, then the value of the whole will be much more than the sum of the parts," says Hugh Williams, ceo of Graig. "The way we have approached the Diamond project, and its success, show what can be done if different players are prepared to share knowledge and expertise. This is a form of outsourcing common now in most industries, but which has still to make major inroads into shipping."

Take the Diamond project as an example. Graig identified that there were advantages for owners and charterers in building double hull bulkers. It also saw that Chinese yards could build new designs cost-effectively. But rather than seek only to build such ships for itself,

Graig assembled a coalition of partners whose individual strengths could be focussed to create a stronger project.

"We started by getting together a designer, class, owners and yards, then added a finance package, both local and international, and a newbuilding supervision package," explains Williams. "The first benefit was that we got an owner-friendly design, rather than something a yard has come up with to simplify their work. We were able to offer a package with excellent finance terms and attractive delivery slots. Then we involved a major broker, and we had a project which was much bigger than we could have managed alone. In this way, we can all input experience and expertise, and each of us benefits."

As ships are delivered in the Diamond series, there will be regular reviews with operators, newbuilding supervisors and class surveyors to ensure that best practice is fed back to the yard. *"A formal feedback structure is vital to ensuring that the yards and ships continually improve, and to ensure that all the benefits of sharing are achieved. But it is the hardest part for people to see, as it is not a normal process in shipping,"* says Williams.

If the concept is so clear and simple, and obviously beneficial, why don't more people do it? *"It is easy to visualise, but much harder to achieve in practice,"* says Williams. *"The first barrier for us is always that perceptions of China are still misconceived. Once we get over that, we still have to address all the cultural and trust issues which create barriers to sharing. There are also practical issues, such as the amount of due diligence which is required. With a large group, that can be very intensive, and if it takes too much time impetus is lost. But in the end, if it leads to a long term solid relationship, then it is worth it. We all gain."*

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News and Views

This issue of Horizons brings you news and views from Cardiff-based Graig Shipping Plc.

It celebrates new supervision contracts in China, a series of major orders for the Diamond double hull bulk carrier and the appointment of Peter Cooney as a non-executive director to the group board.

The Graig Group is a broad-based international ship owning and shipping services group with interests in shipowning, ship management, ship design, newbuilding supervision, shiprepair, IT support and ship finance. One of the first shipowners to realise the potential of Chinese shipyards, Graig has supervised

over thirty newbuildings on behalf of itself and major shipowning groups. Graig Ship Management currently manages a fleet of forty vessels.

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Brokers sees China opportunity



Simon Morecroft has had over twenty years' experience as an S&P broker, and yet had seldom been involved in a newbuilding project in China.

Until the Diamond 53, that is. Braemar Seascope is the exclusive broker for the project, and Morecroft the lead broker. "We felt that Chinese shipbuilding was due a quantum leap forward," he explains. "This was an opportunity to offer a well designed ship from a swiftly developing market and where we expect to see significantly more activity." Healthy scepticism about Chinese newbuildings and double hull bulkers were the initial reaction that Morecroft met from owners.

"A changing regulatory climate, moving towards double hulls, and an increasing awareness that the quality threshold in China is rising has changed perceptions," he says. "There are still more orders for the Diamond 53 to come, and we can't wait to roll out the panamax and capesize Diamonds."

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Sealion chooses China

UK-based specialist offshore vessel operator Sealion Shipping has ordered three 6,500 hp multipurpose Platform Supply/ROV support vessels from China's Wuhu Shipyard. Graig Shipmanagement China is providing full supervision for the building.

Steel cutting has already begun for the first of the vessels, which is scheduled for delivery in February 2004. The second and third vessels will be delivered in May and August 2004, and Sealion has a number of options for further vessels.

The 80.5 m loa vessels were designed by Shanghai Design & Research Institute and modified by Sealion, which has extensive experience of operating this type of vessel.

Designed for unrestricted service, the vessels can supply drill materials, bulk cement, drill mud fuel and water to offshore installations. Equipped with dynamic positioning to IMO DP class 2 and helicopter landing deck and accommodation for 60 persons, they are also able to undertake subsea engineering activities.

Based in Farnham, Surrey, Sealion is the ship management subsidiary of Toisa Limited, for which it manages a fleet of 23 highly specialized vessels for operation in the oil and gas industry. The fleet includes saturation diving support ships, subsea pipe laying and construction vessels, as

well as supply ships. It is one of the most modern and sophisticated fleets of its type in the world.

Whilst Sealion's ships operate around the globe, the company is particularly active in the North Sea, Brazilian and Mexican markets.

The new Chinese ships have been designed to operate world wide and will enhance Sealion's ability to expand its operations into South East Asia.

Wuhu was chosen to build these ships due both to its competitiveness and its commitment to building vessels of high quality, in order to enhance its ability to build for the export industry. Sealion's selection of Graig Shipmanagement was a first since - to date - it has supervised all its new buildings in house. However, it realized the need to have a supervisory team and management familiar with the Chinese shipbuilding industry. Graig's credentials in this area are probably without parallel and Sealion is confident that its supervision is in safe hands.

www.sealionshipping.co.uk

Spar opts for intriguing design

Bergen-based Spar Shipping has changed its mind about China.

Managing director Ulrich Muller says, "Two years ago we had to cancel an order in China and we said we would never go back. But when we saw the Diamond 53 design we were intrigued. We need to address fleet renewal, and this seems to us a way to buy into the future at a reasonable price. The commitment of Graig, Carl Bro and DNV gave us the confidence to order in China again, and the prompt deliveries available finally convinced us."

Spar operates a fleet of sixteen geared bulkers on a mixture of time charters. It is currently discussing time charter options for the three Diamond 53 newbuildings it

has ordered at Chengxi "We see these ships as offering great operational efficiencies," explains Muller. "They will be easy to clean after cement or pet coke, and very flexible for some trades."

Spar is a privately owned company set up in 1994 to manage shipping investments. It owns and commercially manages its fleet which specialises in dry bulk tonnage between 28,000 dwt and 70,000 dwt. Technical and crew management is undertaken by Hong Kong-based Fleet Management, and all vessels fly the NIS flag.

www.sparshipping.com

Double-hull Diamond 53 bulker secures major orders

Cardiff-based Graig Group has secured seven firm orders for its modern double-hull ultra handymax Diamond 53 bulk carrier.

Graig has ordered two Diamond 53's from Shanghai's New Century yard, Athens-based Thenamaris has taken two Graig orders from the same yard, and Spar Shipping have confirmed, through Graig, three orders at Shanghai's Chengxi yard. First deliveries will begin in November 2004.

A total of nine options have been granted by the two shipyards. "The powerful combination of a robust and practical double hull bulker design, attractive delivery positions and an excellent financial package, combined with the peace of mind that Graig's proven Chinese newbuilding experience brings has attracted these leading owners to order Diamond 53s," says Hugh Williams, ceo of Graig. "Now that IMO has backed double hulls, and IACS is producing firm guidance pointing to the

advantages of double hulls for bulkers, we expect many more to follow their lead. The Diamond 53 design offers owners and charterers major operational cost savings, while significantly enhancing safety and environmental protection."

A Thenamaris spokesman said, "We believe that this new double hull design offers substantial technical and commercial advantages when compared to existing designs and we are delighted to become a part of this project."

The Diamond 53 ultra-handymax double hull bulk carrier design has been developed jointly by Graig and Denmark's Carl Bro after detailed discussions with charterers. Graig and Carl Bro have a joint venture design company based in Shanghai. The vessels will be classed with DNV: - DnV +1A1 Bulk Carrier with full Nauticus

package including a full 3-D model. Braemar Seascope has been appointed as exclusive broker for the Diamond series. Diamond 53 is a geared, wide hatched, 53,000 dwt handymax bulk carrier with double hull and a high specification intended to address the current concerns raised by IMO/IACS around bulk carrier safety. The vessel has 5 cargo holds, equipped with end-folding hydraulically operated hatch covers and four 36 tonne electro-hydraulic luffing cranes. Further details of the Diamond 53 design can be found on the www.graigcarlbro.com website.

Graig and CarlBro will shortly be expanding the Diamond range of double-hull bulkers by launching a China-based design, finance and build package for a panamax vessel, the Diamond 75. That will be followed later in 2003 by a capesize Diamond.

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Peter Cooney strengthens Graig Group board

Graig Group has strengthened its board by appointing Peter Cooney as a non-executive director.

"Graig is at an important stage of its development as a broad-based international shipowning and shipping services group," says Hugh Williams, ceo of Graig. "We feel that it is important to show a lead in good corporate governance by having a strong of non-executive presence on our board. We have known Peter for many years, and his wisdom and experience will be of enormous benefit to us," says Cooney.

"Graig has a challenging portfolio of diversified shipping interests, and is a very forward thinking company. Good corporate governance is very much in the

spotlight now, and it is a pleasure for me to be asked to give robust independent oversight to Graig," says Cooney.



Above – Peter Cooney, former CEO at V Ship Management, has over 30 years experience in the shipping industry.

Graig gives Royal Navy a lift

CEC Mayflower has given the Royal Navy a lift by delivering two Archer-class patrol boats to Cyprus.

HM ships *Pursuer* and *Dasher*, weighing 49 tonnes each, were taken from Portsmouth to Akrotiri where they will be used to provide a round-the-clock deterrent to drug smuggling and illegal immigrant trafficking.



Above – CEC Mayflower offloading

crew news

- **Captain José Flores, master of CEC Cowbridge, recently featured in the UK news when he went to the aid of the Stolt Tenacity, which had suffered a total loss of power after an engine room fire 250 miles off the coast of Brazil.** Unable to raise the Brazilian Rescue Authorities, Captain Flores got in touch with the UK Coastguard in Falmouth. They alerted the Brazilians via the Portuguese Maritime Rescue Centre in Lisbon. None dead, no-one hurt, and a large phone bill.
- **Good luck to the Graig team in the 'It's a Knockout' tournament on 17th May in aid of Dan-y-Graig respite care centre, Porthcawl.**
- **Congratulations to Caroline Youde, vessel management accountant with GSM, and her husband Dave, who have adopted baby Jake.** We look forward to Caroline returning from maternity leave in October.
- **Wedding bells and congratulations for Philip Atkinson, technical director, at his wedding on 9th April in Newport to Angela Yuan.**
- **Congratulations to Captain Roland Tropa.** He has recently been promoted to Master and joined the Seaboard Eagle in January 2003. He joined GSM as a Second Officer in 1998. He was promoted in 1999 to Chief Officer and served on the Carmarthen, Crusader & Cardigan in this capacity.
- **Double congratulations to Judy Qian in our Shanghai Office for successfully attaining her MBA and also on her forthcoming wedding to Shawn on 3rd May 2003.**



Spotlight

Paul Voisin, Master m/v Transporter



Above – Paul Voisin, Master m/v Transporter for Graig Ship Management Limited



Above – m/v Transporter

If you are born in the historic seafaring town of Plymouth, love messing about in boats and your hobbies are heavy metal music, traditional rope seamanship skills, writing and sea fishing there is only one career open, and that's a life at sea.

With nearly thirty years at sea already, thirteen of them as Master, Paul Voisin is happy in command of Graig's multi-role and heavy lift vessels. "There is a great variety of voyages and cargoes, and I get a chance to do a lot of my own ship handling," he says. "For instance, one of the most interesting and rewarding voyages I've done was recently on the CEC Westoe. We loaded at six ports in Greenland, navigating through lots of ice

and getting a chance to fly with the Ice Patrol helicopter."

Paul is keen to share his experience, and when at sea if he is not tending the window boxes in his cabin or dangling a fishing line over the side, he writes for the Nautical Institute journal Seaways. When on leave, he finds time to lecture at Nautical Institute functions and support local small boat safety awareness, in between whizzing about with his wife in a Lotus and holidaying in Florida. They celebrate their silver wedding anniversary in May. Paul's only gripe is that port management should do more about preventing stowaways and piracy, rather than the ship being loaded with more legislation. Give or take the heavy metal music, it doesn't seem a bad life.

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