

FFS growing through ‘Calulo’

Calulo Investments has been an FFS Refiners shareholder since 2007, when the company became our strategic BEE partner. Over the years we have developed a mutually beneficial relationship which has gone further than a standard BEE investment partnership, assisting us in our growth objectives and allowing us to do what we do best in the ever-changing petrochemical sector.

Calulo (pronounced with a ‘tsk’ click) is a Xhosa word meaning discernment. FFS was very particular in choosing a partner with the same values, passion and objectives that we hold dear, a partner who has the same vision for our company that we have.

As our working partnership has developed, the opportunities for further strategic growth and development have matured and we are proud to announce that Calulo Investments, through its subsidiary company FFS Calpet, has acquired a majority stake in FFS.

Our focus, structure and business are poised for forward momentum, and essentially the only discernible change in our management structure is one of succession.

Mkhuseleli Faku, the founding member of Calulo Investments, has taken the helm as our new Board Chairman and we welcome him and his expertise to our board.

His entrepreneurial spirit will



▲ The members of the new board are, front row L – R: Lynette Dikiso, Don Hunter, Mkhuseleli Faku and Anisha Gordhan; and back row: Gabby Sequeira, Don Cochran, Derek Halstead-Cleak, Petrus Scholtz and Nazeer Essop Ahmed.

assist us in our vision to be the best in all we do.

- Our new board structure is:
- Mkhuseleli Faku – FFS Calpet (Chairman)
 - Don Hunter – FFS Refiners (Managing Director)
 - Nazeer Essop Ahmed – FFS Refiners (Financial Director)
 - Don Cochran – FFS Refiners (Exec)
 - Lynette Dikiso – FFS Calpet
 - Anisha Gordhan – Investec Bank
 - Derek Halstead-Cleak – Investec Bank
 - Petrus Scholtz – FFS Refiners (Exec)
 - Gabby Sequeira – FFS Calpet

We welcome this new chapter in our business, one of mutual discernment, direction and growth and we look forward to integrating the Calulo way into the FFS way. ■

What’s inside?



Friendly and charming Nonku Masinga is the Receptionist at the FFS Refiners head office in Durban.

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100 million litres delivered without incident

FFS's Cape Town harbour tank farm recently celebrated the delivery of 100 million litres of diesel to Eskom's Ankerlig power station. FFS Cape Town's Stock Controller, Lawrence Joseph, expressed his hearty thanks to his enthusiastic team, as well as PetroSA (for whom the diesel is stored and delivered) and to the transport companies involved (Freight Dynamics, Unitrans, Wardens and Bakers). The 100 million litres of diesel were delivered without incident, showing that dedication, communication and teamwork play a vital role in successful logistics. This all helps keep the lights on in the Western Cape.

FFS operators, managers and directors celebrated the occasion with guests from Eskom, PetroSA, various transport companies, Inspectorate GTS and many others.

Cheers, here's to 100 million more ■



▲ Don Hunter (FFS Refiners, MD), Raju Ooka (Eskom, Support Services Manager), Zamambo Mkhize (PetroSA, Fuel Sales Manager) and Lawrence Joseph (FFS Cape, Stock Controller).



▲ The De-ashed Lube Plant nearing completion in Cape Town.

Third de-ash plant commissioned

FFS has recently commissioned its third Thermo-Chemical De-Ashing plant (DAL) for used lube oil processing. Used lube oil not only has wear components, products of combustion, and contaminants such as anti-freeze, brake fluid, fuel and water, but also has organo-metal additives required for lubrication applications. The contaminants are relatively easy to remove, but the additive package metals are much more difficult to extract as they are molecularly bound metals and thus very stable by nature. The FFS DAL process uses heat and chemicals to react with these metals and convert them to soluble salts, which are then removed in the water phase. The advantage of this proprietary FFS process is the exceptionally high oil yield, as compared to other technologies. More than 94% of the oil is recovered in the process, with a less than 1% sludge generation to landfill. The product produced, once centrifuged, has a less than 0.05% ash content w/w and a <0.15% sediment. To ensure quality, the product is filtered through a 5 micron aperture filter. ■



▲ Supporting rings for the foundations at Evander's new tank farm extension.

Building for the future

The next 25 million litres of storage for mixed petroleum products is under way in Evander. FFS Refiners' plant and tank farm now stretches across the entire block as yet more storage tanks are constructed for future growth and

business opportunities. This new facility consisting of 12 tanks, ranging in size from 950 m³ to 2750 m³, will have the capacity to store Class I, II and III flammable products, with heating if required. Two loading and unloading stations will be able to

receive or dispatch product at a rate of 1500 m³ per day. The tanks will have level-measurement telemetry for FFS's web-based online monitoring and real-time inventory control. The facility was designed and detailed by FFS's in-house engineering team. ■

Ongoing R&D at FFS

Measuring pump wear

FFS places great importance upon ongoing research and development. It is not only a way of creating new business by developing new processes and products but it also helps to keep examining and challenging established knowledge. This helps keep a healthy continual improvement and intellectual knowledge-based business culture going.

For example, FFS is currently running tests on a pump wear rig to measure the rate of wear from differing fuels, blends, levels of ash, particle size, lubricity agents, viscosity and temperature. These investigations also look at pump tolerance and material hardness. Whilst lubricity and wear potential can be measured in a laboratory using standard test methods, the results don't directly



▲ Hydrogenation Pilot Plant

relate back to specific pumps or fuel reticulation systems.

New hydrotreater design

FFS has also 'upped the ante' with a second-generation hydrotreater design. This has been tested in a pilot scale model built to simulate a full-sized plant. The high pressure hydrogenation pilot plant has a fully functional fired heater, feed and product tanks and reactor. It is capable of

testing feed streams, catalyst or final product specification within 2 days. The unit is a continuous-operation process through which all the control parameters can be very accurately measured, set and recorded. The multi-channel data recorder downloads to a computer for full statistical analysis. With this unit we have demonstrated that Group II low-sulphur base oils can be produced from recycled Group-I material. ■



▲ Three years in a row – FFS Cape Town staff proudly display their RTMS certificate and the yellow diamond signage on one of their tankers.

Transport accreditation for FFS Cape Town

In November 2010, the Cape Town branch of FFS Refiners became the first company in the Western Cape to attain accreditation in the National Road Transport Management System [RTMS]. And they did it again in 2011 and again

in 2012!

The FFS transport team in Cape Town, headed by Cape transport manager Mike Heffernan, has been enthusiastic about taking on the system and are proud to see their vehicles leave the depot with the RTMS

diamond on the front of their cabs.

RTMS is an industry-led self-regulation scheme that encourages consignees, consignors and transport operators engaged in the road logistics value chain to implement a vehicle management system that preserves road infrastructure, improves road safety and increases the productivity of the logistics value chain. This scheme also supports the National Freight Logistics Strategy of the Department of Transport.

The RTMS structure is based on ARP 067, a code of practice similar in structure to ISO 9001 and ISO 14001, the main elements being:

- Load optimisation,
- Driver wellness,
- Vehicle maintenance, and
- Productivity.

FFS is the largest supplier of industrial heating fuels in South Africa and the company runs a fleet of hazardous product tankers, most of which have been designed and built by FFS, a registered SABS manufacturer of hazardous goods tankers. ■

‘Proudly Green’ Pmb team does it again

For the fifth year in a row, FFS’s Pietermaritzburg refinery – led by Branch Manager Stephan Roeloffze – has received The ROSE Foundation’s award for environmental compliance.

This competition amongst FFS Refiners branches around the country judges the highest standard of compliance, encompassing health and safety, environmental legislation, and good operating and management practices. The audit is conducted by WSP Environment and Energy on behalf of The ROSE Foundation.

Alison Haycock, FFS Company Environmental Manager, said, “This plant has shown what commitment and dedication can achieve. The Pietermaritzburg staff are certain-



▲ FFS Pietermaritzburg’s ‘Proudly Green’ Team.

◀ Factory Manager Arno van der Merwe, right, receives the shield of honour from Managing Director Don Hunter.

ly worthy winners of this prestigious annual award.” ROSE CEO Raj Lochan agreed that the Group management and respective plants were

to be commended for their commitment in ensuring that sound environmental standards are maintained and constantly improved. ■

FFS calendar photos all shot by staff ...



▲ African Fish Eagle by Alison Haycock
◀ FFS's stunning calendar for 2013

During one of the lunchtime “brag sessions”, Company Environmental Manager Alison Haycock was showing off her stunning photographs from a much-envied Botswana trip. This sparked the idea of using the staff's own photographs for a personalised FFS calendar. Inspired by the Botswana photos, it was decided that the theme for the first FFS calendar would be ‘African wildlife’. The photos had to have been taken in the last two years and by FFS employees only! In order to add a fun element to the project and to get as much participation as possible, a prize for the best photo was offered.

This brought out the secret photographic talents of a surprising number of our staff, whose love of travel around our beautiful country, has resulted in some amazing shots.

Wildlife photographer John Handiman of Howick kindly agreed to select the best 13 photos, as well as the overall winning shot. “We were overwhelmed by the interest the project created, and by the con-

tinuous friendly bantering and camaraderie it created between the participants,” said FFS Director Petrus Scholtz.

The first calendar was a great success and was praised by all recipients. Numerous letters and calls of appreciation were received, with congratulations for embarking on such an ambitious project, which certainly added more enthusiasm and excitement towards the generation of the next calendar.

Despite being difficult subjects to photograph, the birds captured for the 2013 calendar were even more impressive. Two small photos were added alongside the main photos for each month to enable more entries to be included. Some of the shots were even taken in the entrants' back gardens! Petrus Scholtz added, “This project has greatly boosted our already enthusiastic staff morale and has enabled us to share our personal experiences with our customers, suppliers and other friends of FFS.”

Watch out for the 2014 FFS calendar of ‘African scenery’. ■

New staff triple HSE power

The company's environmental, health and safety coverage has been strongly boosted by the appointment of a Company Environmental Officer, Celescia Naicker and a Company Safety Officer, Merinda Greeff.

Celescia has a B.Soc.Sc. degree in Environmental Management and valuable experience in the implementation, maintenance and internal auditing of environmental management systems. She will be responsible for the co-ordination of environmental projects, and for the review and co-ordination of all environmental assessments (air, groundwater, HCS surveys) at all branches.

Merinda, with a SHERQ NOSA 5* diploma and a thorough knowledge of health and safety systems, will ensure strict OHS compliance, focusing on training, the integrity and safety of structures/equipment and on preventive actions. She will implement our new “fresh look” safety system at all branches in April 2013.

Celescia and Merinda will assist the energetic Group Environmental Manager, Alison Haycock, to bring new perspectives, enthusiasm and dedication which will certainly strengthen FFS's commitment to continuously improving their operations and minimising the impact on health, safety and the environment.. ■



▲ Alison Haycock, centre, with Celescia Naicker, left, and Merinda Greeff.

And now we BEE three!!!

FFS Refiners implemented several sustainable B-BBEE policies and procedures in line with the Broad-Based Black Economic Empowerment Act towards the successful achievement of their Level 3 B-BBEE status.

As a result of the recent acquisition by FFS Calpet, FFS Refiners is now effectively more than 50% Black-owned.

Among the various initiatives to improve our B-BBEE status are:

ABET

Employees are offered Adult Basic Education Training ("ABET"), as well as artisan initiative training, learnerships and experiential training programmes.



▲ Four very proud and excited ABET 'graduates' from FFS Pietermaritzburg.

Procurement

FFS requires suppliers to provide B-BBEE verification certificates to ensure that procurement is from verified B-BBEE suppliers and SMMEs.

Enterprise Development

Transport company eAfrica Carriers is a 100% Black-owned, qualifying small enterprise with a B-BBEE Level 1 rating. The specific objective of FFS Refiners' support is to accelerate eAfrica's development, sustainability and ultimate financial and operational independence.

Science Expo, Protec & READ

- Protec - For almost 10 years now, FFS has sponsored the Inanda and KwaMashu branches of Protec, a non-profit organisation that provides extra maths and science tuition to previously disadvantaged individuals.
- FFS Science Expo for Young Scientists - Since 1991 FFS has sponsored this annual event which encourages high-school learners to develop an interest in maths, science and technology.



▲ Primary School Educators enjoying their training under READ consultant Derek Potgieter.

- READ – Having recognised the importance of encouraging learners to read, especially at grass-roots level, FFS became involved with READ – an organisation that facilitates the training of primary school educators and that supplies learning materials to rural schools.

It is through these many projects and initiatives that FFS has achieved their Level 3 B-BBEE status. ■



▲ Yandisa Zungu having great fun at the 2012 FFS EXPO for Young Scientists

eAfrica: Enterprise Development Initiative

FFS Refiners were thrilled to hand over two new tanker rigs to Kandy Naidoo of eAfrica Carriers as part of an enterprise development initiative. The aim of the initiative was to assist eAfrica in the development and sustainability of its business, with the ultimate goal being financial and operational independence. These bulk-liquid delivery vehicles are being used to transport fuel oil from the coast to the Reef. The initiative has led to the establishment of a long-term mutually beneficial partnership between FFS and eAfrica, a 100-percent Black-owned small enterprise with a B-BBEE Level 1 rating. ■



▲ Kandy Naidoo, (left) CEO of eAfrica Carriers, and Don Hunter, MD of FFS Refiners, shake on the B-BBEE deal which benefitted both parties.

Appointments



▲ **Nazeer Essop Ahmed**, who joined FFS in 2004 as Financial Manager, was recently promoted to Financial Director. Congratulations !



▲ **Andrew Canning** has joined the senior FFS management team as General Manager - Special Projects. A professional engineer with a BSc degree in Chemical Engineering, Andrew has extensive refinery experience.



▲ **Henry Krause** is the new Branch Manager for our Chloorkop plant. He has had 30 years' experience at Sasol, mostly involved in black product sourcing and development, logistics, stock control and ISO 14000 systems.



▲ **Mark Stayt** has joined the engineering team at FFS to assist Gregg Hurter. He has a BSc degree in electronic engineering and comes from a background of machine automation (PLC's and Scada).



▲ **Daniel Bentinck**, with a BSc Mechatronics degree has been appointed plant engineer at our Cape plant in Vissershok, after completing a year of engineering training and work experience.



▲ **Donovan Cawdry** is plant engineer at our Durban plant. He has a BSc in Mechanical Engineering.

Second thin film evaporator installed

FFS have installed their second Thin Film Evaporator (TFE) to meet demand on light fuel distillates.

This is in preparation for the anticipated fuel quality standard that the Department of Environmental Affairs (DEAT) is currently working on. This development is as a result of the European Union adopting a waste classification system which defines used lubrication oil as a waste. This system sets an end-of-waste processing quality standard before the oil may be sold as a fuel product. In order to burn a waste fuel, an incineration licence will be required, which is very onerous. It is unlikely that anyone other than the cement factories will take the trouble. The United Kingdom has introduced a Quality Protocol for used lubrication oils and this standard is likely to be used as the benchmark in South Africa.

FFS Refiners' TFE distillate product meets this UK standard of less than 0.2% ash, and less than 150 ppm chlorine sediment of less than 0.15%. Managing Director Don Hunter says, "Keeping abreast of world trends and being proactive will ensure no disruption of supply to our customers and will keep our company sustainable." ■

Protec achieves 98% pass

FFS continues to be a proud sponsor of Protec, a national organisation that provides extra lessons in mathematics, physical science, English and 'world of work' to students in grades 10, 11 and 12. These classes are held on Saturday mornings and during school vacations.

Protec also provides teacher support workshops and a parent programme.

FFS is the main sponsor of the Protec INK Branch, whose 175 students come from schools in the Inanda and KwaMashu areas.

Protec INK's 2012 matric pass rate was 98% compared to the national average of 74.9%. 86% of the students achieved a university admission pass compared to the national average of 26.6%. In total, the Protec INK students achieved 55 subject distinctions!

FFS is also a contributing sponsor to the Protec Tongaat branch, which had a 100% matric pass rate, with 90% achieving a university entrance pass! The Protec Tongaat students achieved 68 distinctions. ■



▲ **Londiwe Mthiyane and Phindelani Ncane** both got six distinctions. Londiwe is studying toward a BSc Electrical Engineering at UKZN (on a Tongaat Hulett bursary) and Phindelani is studying medicine.

Bulk storage facility bought



Deal to ensure security of bitumen supply

FFS are to further expand the existing bulk-liquid storage facility in Cape Town harbour. An additional 8.8 million litres of tank storage is being constructed, of which 5 million litres is for the importation and storage of bitumen. FFS entered into a deal with Colas and Much Asphalt that would allow them to import grades of bitumen not supplied locally by Chevron. The facility will ensure security of bitumen supply on a continuous and uninterrupted basis, which will ease road building constraints. The bitumen tanks and pipelines are thermal oil heated. A loading rack capable of loading two trucks or bitutainers simultaneously is to be installed. The R60-million project is expected to be completed by November 2013. ■



▲ Thierry Madelon, (right) MD of Colas, and Don Hunter, MD of FFS Refiners, sign on the dotted line.

FFS recently acquired the Cape Town Bulk Storage facility (CTBS), which is situated on the Eastern Mole of Cape Town harbour. This facility was purchased from Island View Storage (IVS) and Transnet, who were joint owners. The property, which is 7 947 m² in extent, has a storage capacity of 3.9 million litres in five medium-sized tanks. As the property is immediately adjacent to FFS's existing tank farm on the Eastern Mole, the additional capacity made a good fit. This chemical storage facility will be put into fuel oil service as FFS intends manufacturing intermediate fuels (FO80/120) for the local fishing fleet. The facility is able to receive fuel from ships and load out to ships and road tankers. ■

Contact details: FFS Refiners

HEAD OFFICE,

Tel : (031) 459 5300, Fax : (031) 459 5326, E-Mail : ffs@ffs.co.za

JACOBS PLANT, DURBAN,

Tel : (031) 465 1466, Fax : (031) 465 1473, E-Mail : teakwood@ffs.co.za

CHLOORKOP PLANT, GAUTENG,

Tel : (011) 976 2198/7/6, Fax : (011) 976 4006, E-Mail : chloorkop@ffs.co.za

EVANDER PLANT,

Tel : (017) 632 9100, Fax : (017) 632 9119, E-Mail : evander@ffs.co.za

PIETERMARITZBURG PLANT,

Tel : (033) 398 1651, Fax : (033) 398 1652, E-Mail : pmb@ffs.co.za

CAPE TOWN PLANT,

Tel : (021) 557 4529, Fax : (021) 557 0667, E-Mail : cape@ffs.co.za

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