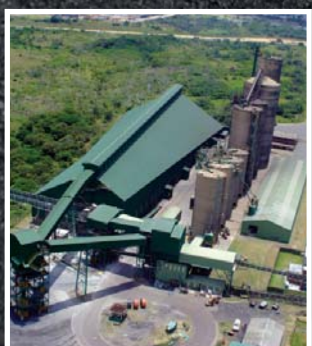
ANNUAL REPORT 2010

GRINDROD
LIMITED

Grindrod's business involves the moving of cargo by road, rail, sea and air, providing integrated logistical and specialised services en route.



Group highlights

Grindrod Limited is the holding company of a dynamic organisation with 100 years experience in freight movement, providing total logistics solutions for its customers.

				2010 R million	2009 R million
Revenue up	9%	Shipping		4 264	4 918
		Freight Services		2 643	2 302
		Trading		23 101	20 335
		Financial Services		193	136
		Group		2	0,2
Earnings down	11%	Shipping		362	492
		Freight Services		262	222
		Trading		120	181
		Financial Services		45	36
		Group		(9)	(58)
Earnings from non-shipping businesses	54%	Shipping	(%)	46	56
		Freight Services	(%)	34	25
		Trading	(%)	15	21
		Financial Services	(%)	6	4
		Group	(%)	(1)	(6)
Return on ordinary shareholders' funds	15,4%				

Objectives	Achieved	In progress
Preserve the group's balance sheet	✓	
Ensure substantial contracted shipping earnings for 2010/2011	✓	
Grow the group's non-shipping businesses	✓	
Identify and act on shipping acquisition opportunities at the right time		✓

Group

Vision

The Grindrod group's vision is to create sustainable returns and long-term value for shareholders.

Business overview

Grindrod's business involves the movement of cargo by road, rail, sea and air, through integrated logistics services utilising specialised assets and infrastructure.

Strategic positioning

Listed in South Africa, with its head office in Durban, Grindrod is a global business with representation in 24 countries. Focusing on the movement of drybulk and bulk liquid commodities, containerised cargo and vehicles. However, its South African origins, uniquely position the group to service African trade flows.

As commodity and shipping markets are cyclical, these cargoes are influenced by different market/commodity cycles offering diversification of revenue and risk mitigation.

In pursuing its strategy of becoming a fully integrated freight and logistics service provider, Grindrod continues to invest in assets and in opportunities with high barriers to entry.

The group's ability to offer a full end-to-end service is a key competitive advantage which results in improved returns from its asset base and service offerings provided by the four operating divisions of the group.

Assets and service offerings

Shipping

A relatively modern, low cost fleet of owned and long-term chartered tankers and drybulk carriers, suitable for servicing different sectors and ports.

A ship operating division, staffed by experienced personnel and supported by state of the art information technology systems, providing comprehensive freight solutions to customers in various sectors.

Freight Services

Ports and Terminals – strategically positioned bulk storage and handling capacity in key ports supported by rail, road and seafreight operations.

Logistics – links the southern African inland economic hub regions to the ports for import/export, along with domestic distribution, clearing and forwarding, ships agency and other logistical support services.

Trading

Sourcing and marketing agricultural and mineral commodities and marine fuels around the world through complete supply chain management.

Financial Services

While focused on asset management and investment banking expansion, trade finance and invoice discounting solutions support group operations and customers.

Commodity supply chain

The Grindrod group seeks to provide services throughout the complete commodity supply chain.

Producer → Procurement → Rail/Ports → Shipping → Terminals/ Storage → Logistics → Customer

Cargoes handled	Trading	Logistics	Ports and Terminals	Shipping	Financial Services
Liquid bulk cargo	Marine fuels	Road tankers Clearing and forwarding Ships agency	Tank Terminals	Tanker shipping Bunker tanker shipping	
Drybulk cargo	Industrial raw materials Agricultural	Road transportation Clearing and forwarding Ships agency	Terminals Rail Ports Stevedoring Warehousing	Drybulk shipping	Trade finance Invoice discounting
Containerised cargo		Road and rail transportation Container depot Clearing and forwarding Container leasing Warehousing	Seafreight		
Vehicles		Road transportation Clearing and forwarding	Car terminal Ports Stevedoring Ships agency		

Strategy execution

Grindrod has a strong track record of effectively managing the key parameters that contribute to the group's ability to create value. Equity is deployed to divisions most suitably positioned based on the group's collective market knowledge and evolving industry trends.

1. Capacity

The group has made timely investments in capacity in strategic areas designed to create value and enhance its ability to integrate services and to diversify optimally within its core markets. These investments make the group a dominant player in southern African and international trade routes and its strong balance sheet ensures flexibility to continue to make selective capacity investments.

The group's ongoing investment in strategically positioned port and terminal capacity, in particular where barriers to entry are high will ensure increased profitability and its ability to offer customers a fully integrated point-to-point service. These investments are focused in areas where anticipated demand exceed current available capacity.

2. Utilisation

Key factors contributing to achieving utilisation include longstanding customer relationships, point-to-point integrated services, strategic supply chain projects, long-term contracts and route knowledge. Delivery of services (such as rail) by other stakeholders is critical.

3. Margins

The group, along with the rest of the industry, benefited from the historically high spot market shipping rates prior to the sub-prime recession. Following the recession, it has benefited from management's prudent approach of securing long-term charters on its fleet. The benefit of having committed the fleet on long-term contracts during the shipping market peak, provided a hedge against the reduced spot market rates seen in 2010. This led to the group's Shipping earnings outperforming spot market rates.

Similarly, long-term take or pay agreements on key facilities and other contractual arrangements provide stability to earnings. The integration of the businesses as explained above further enhances margins.

Margins are further enhanced through investment in areas where capacity demand is high.

Management strengths

- Wealth of experience
- Ability to identify and respond to investment opportunities
- Operational flexibility, ability to make decisions quickly and to execute strategy
- Strong customer, supplier and banking relationships
- High standard of governance, integrity and professionalism

Key drivers for Grindrod

Shipping

- Spot earnings rates for tanker and drybulk ships
- Volumes shipped by operating business/operating margin per tonne

Freight Services

- Volumes handled through Ports and Terminals
- Revenue in logistics business
- Operating margins

Trading

- Volumes traded
- Margin per tonne

Financial Services

- Net interest margins
- Corporate activity

As the majority of the group's earnings are US Dollar denominated, the Rand/US Dollar exhange rate has a substantial impact on the financial results.

Guidance to investors

The operational reviews of each division provide detailed financial information. This allows for each business unit to be evaluated separately and for comparisons to be made to similar listed entities to arrive at a value for the group.

Detailed information is provided to assist investors in the group's results presentation and supplemental information, both of which are available on the group's website, www.grindrod.co.za.

Divisions

Shipping

Shipping's modern fleet of vessels trade globally under the banners of Singapore-headquartered Unicorn Shipping (Unicorn) and Island View Shipping (IVS). Unicorn's modern fleet of product and chemical tankers ship liquid chemicals and petroleum products worldwide. Bunker tankers provide physical supply of bunkers to ships in strategic locations such as Dunkirk, the English Channel, Rotterdam, River Thames, Cape Town and Durban. IVS operates a diversified fleet of modern ships including capesize, panamax, handymax and handysize bulk vessels, shipping drybulk cargo such as coal, ores and agricultural products.

Vision

To be a significant and profitable shipowner and operator controlling in excess of 150 ships.

Mission

To provide high quality worldwide shipping services through the ownership and operation of a diversified fleet of modern ships.

Freight Services

Freight Services provides services for the integrated movement of drybulk, liquid bulk, containerised cargo and vehicles along specific import/export corridors. With a focus on these specific cargo types, the operations provide road transportation, rail, port operations, terminals, intermodal solutions, warehousing, storage, stevedoring, seafreight, ships agency services and all facets of traditional logistics.

Vision

To be a dominant and profitable freight services provider focusing on infrastructural development on the African continent.

Mission

To be the first choice provider of a broad range of freight logistics services by integrating the group's strategic infrastructure, assets, logistics and freight agency capabilities primarily in the African continent.

Trading

The Trading division trades worldwide in dry and liquid bulk commodities, including agricultural products, industrial raw materials, marine fuels and lubricants. Atlas Trading and Shipping, Oreport and Cockett Marine Oil source the specialised commodities and arrange for delivery to the market.

Vision

To be a sustainable commodity trading business which is a respected global participant in the international trading commodity arena.

Mission

To provide a global commodity trading service in agricultural, mineral and fuel products through end-to-end solutions by being an informed and trusted business partner.

Financial Services

Grindrod Bank is a competitive merchant bank offering an extensive range of financial services to private, corporate and institutional investors. The range of services includes treasury, lending, corporate finance, asset management and a card based wage payment solution.

Vision

To be a highly profitable investment bank.

Mission

To leverage a well capitalised balance sheet with human intellect and energy.

To have a niche product focus.

To have a strong client franchise.

To be strategically nimble to react to the evolving landscape.

Divisional overview

Shipping

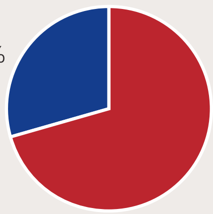
Performance

- Accounted for 46% of the group's earnings, down from 56% in 2009
- Attributable income decreased by 26% to R362 million

Key strategic objectives

- Expansion through:
  - purchase of chemical tankers
  - long-term charters of products tankers
- Grow the drybulk fleet through opportunistic purchases in the newbuilding and secondhand market and long-term chartered-in arrangements of low cost modern ships
- Continue to strengthen ship operating capability

EBITDA contribution



Highlights

- Contractual performance by all counterparties in a tough economic environment
- Employment of all vessels throughout the year in a difficult tanker market
- Sharp growth in volume and performance of the Parcel Service business
- Relocation of Unicorn's operations office from the United Kingdom to Singapore
- Acquisition of a bunker tanker business
- Settlement of shipyard dispute

Risk areas

- Low contract cover on tankers
- Ongoing delivery of a large volume of drybulk newbuildings
- Low freight rates
- Expansion of piracy zone
- Stronger average Rand/US Dollar exchange rate

Refer page 36 to 41 for further details.

Freight Services

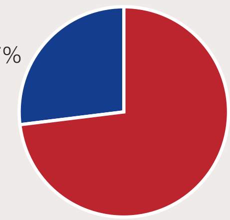
Performance

- Accounted for 34% of the group's earnings in 2010, up from 25% in 2009
- Attributable income grew by 18% to R262 million

Key strategic objectives

- Align supply chain strategy with commodity demand to maximise throughput and revenue through existing terminal assets
- Expand strategic assets and supply chain capabilities through further investment in infrastructure
- Leverage growth opportunities created by the demand for infrastructural and transport investment on the African continent
- Restructure and reposition the road transportation operations
- Maintain and improve the BEE status of the South African operation

EBITDA contribution



Highlights

- Extension of the Maputo port concession term to 2043
- Dredging of the port of Maputo to accommodate panamax vessels
- The conclusion of a joint venture to focus on the development of transportation infrastructure investments in Africa and the Middle East
- Further expansion of rail operations
- Acquisition of Fuelogic (Pty) Limited
- Award for the KwaZulu-Natal BEE Deal/Project of the Year

Risk areas

- Restricted availability of rail resources to service drybulk terminal volumes
- Industrial action and labour market volatility
- Commodity market conditions
- Low container volumes and freight rates
- Stronger average Rand/US Dollar exchange rate

Refer page 46 and 47 for further details.

Trading

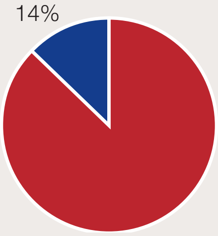
Performance

- Accounted for 15% of the group's earnings in 2010, down from 21% in 2009
- Attributable income decreased by 34% to R120 million

Key strategic objectives

- Improve operating margin per tonne
- Maintain and develop relationships
- Leverage intra-group relationships and assets
- Source and invest in strategic supply chain projects

EBITDA contribution



Highlights

- Initiation of the London Queens Channel bunker oil physical supply project
- Acquisition of a bunker trading business
- Development of chrome projects in South Africa
- Development of coal as a key traded commodity
- New offices opened in Australia and Zimbabwe

Risk areas

- Credit and counterparty risk
- Foreign exchange risk
- Price risk
- Commodity market volatility
- Competition

Refer page 54 and 55 for further details.

Financial Services

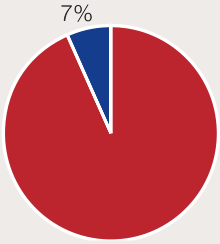
Performance

- Accounted for 6% of the group's earnings in 2010, up from 4% in 2009
- Attributable income increased by 25% to R45 million

Key strategic objectives

- Grow the stable funding base
- Maintain a focused, secure lending book
- Grow the Asset Management business
- Expand the Investment Banking operation
- Focus on efficient and growing banking interest income

EBITDA contribution



Highlights

- Deposit growth of 15%
- Fee income grew substantially
- 50% cost to income achieved
- Levels of assets under management increased by 28%

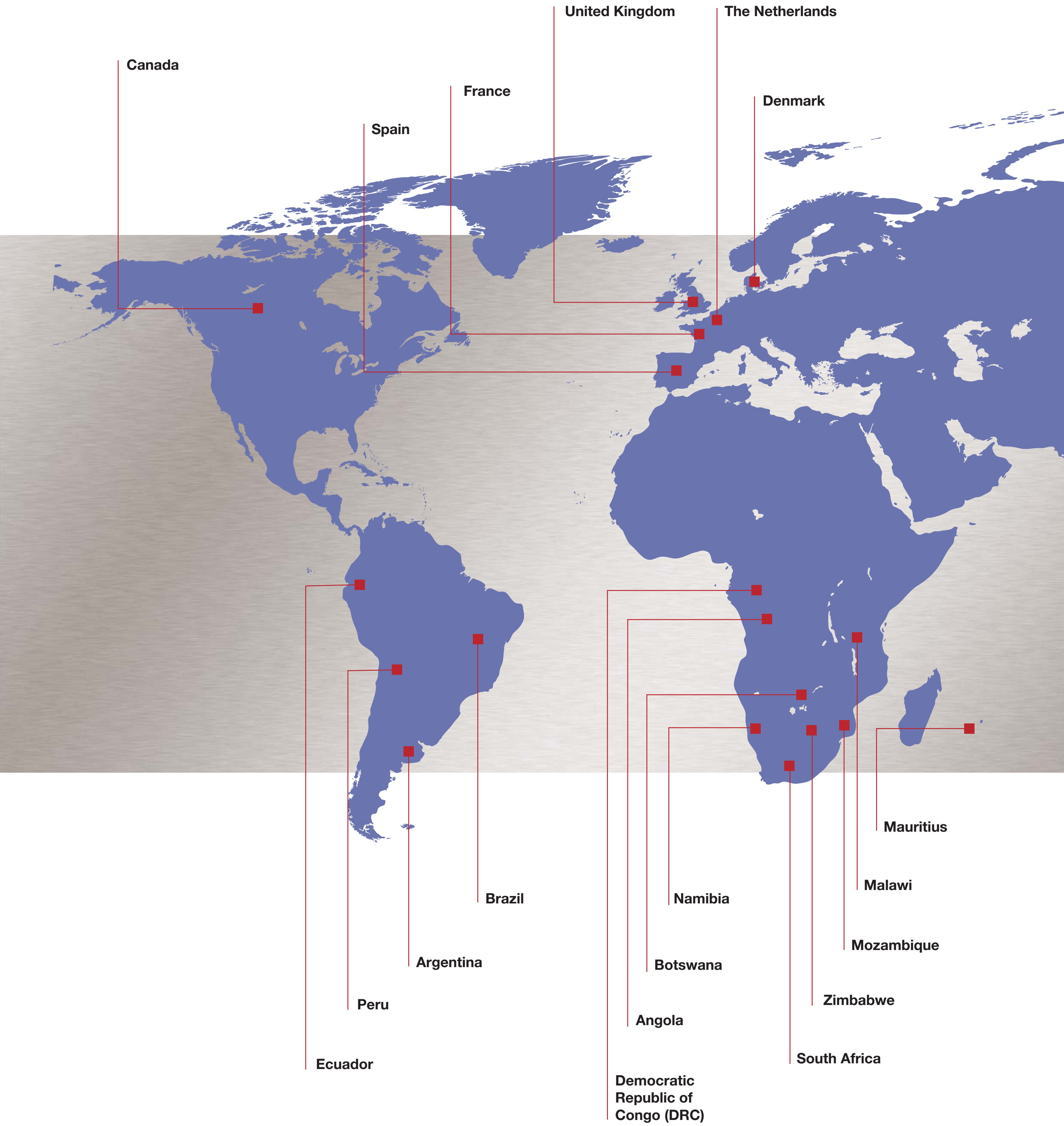
Risk areas

- Interest margins expected to remain under pressure
- Global credit concerns
- Pressure on the domestic banking sector
- Uncertain investor environment

Refer page 59 and 61 for further details.

Geographic profile

Worldwide offices/representation



	Shipping	Freight Services	Trading	Financial Services
Angola		✓		
Argentina			✓	
Australia			✓	
Botswana		✓		
Brazil			✓	
Canada	✓			
China			✓	
DRC		✓		
Denmark	✓			
Ecuador			✓	
France			✓	
Japan	✓			
Malawi		✓		
Mauritius		✓		
Mozambique		✓		
Namibia		✓		
Peru			✓	
Singapore	✓		✓	
South Africa	✓	✓	✓	✓
South Korea			✓	
Spain	✓			
The Netherlands	✓			
United Kingdom	✓		✓	
Zimbabwe			✓	

Group history 1910 – 2010

1910
Captain John Grindrod establishes Grindrod & Company, a clearing and forwarding agency.

1922
Captain John Grindrod and Mr Leon Renaud purchase the 150 tonne steamer *Frontier*.

1933
African Coasters, the forerunner of Unicorn Shipping, formed in Durban by Leon Renaud to trade to Lourenço Marques (now Maputo) with Grindrod & Company as the agents.

1934
WB Grindrod and Xavier de Gersigny form Grindrod, Gersigny & Company (Pty) Limited which acquired the business of Grindrod & Company.

1957
Murray Grindrod joins Grindrod Gersigny & Company (Pty) Limited.

1966
African Coasters merges with Smith's Coasters and Thesen's Steamship Company to form Unicorn Lines.

1971
Unicorn Lines introduces containerisation and opens South Africa's first container depot and commences first weekly container service between Durban and Cape Town.

1985
Grindrod & Company celebrate 75 years in the shipping industry.

1986
Grindrod Unicorn Group Limited (Grincor) forms as the holding company of the group and lists on the Johannesburg Stock Exchange.

1988
The group starts the process of internationalising its shipping operations through the establishment of a presence in key centres across the world.

1992
Grincor's London office is established.

1999
Island View Shipping is acquired, marking the group's entry into the drybulk shipping sector. Shares in Unicorn, held by the Restis group, are successfully purchased, ensuring total control of Unicorn by the Grindrod group. Grindrod's share price is R1 (20 cent equivalent) and market capitalisation is R100 million.

2000
Commenced partnering with shipping operators and started purchasing ships at low costs.

2001
Grindrod Unicorn Group Limited becomes Grindrod Limited, launching a new brand and logo. Fleet continues to increase and long-term charters are contracted.

2002
Turn in shipping markets resulted in a 229% increase in trading income.

2003/4
Land-based growth plans/diversification plans announced.

N ordinary share structure dismantled through a simple one-for-one conversion to ordinary shares.

2004
Grindrod wins Marine Money award as the top listed international shipping company and takes top place in the Sunday Times/ Business Times Top 100 Companies award. Grindrod expands road freight and acquires 50% of Boltt Removals (currently part of Grindrod Logistics).

2005
Grindrod acquires a 100% share of Marriott Corporate Property Bank Limited and changes its name to Grindrod Bank.

The Trading division is established with the acquisition of an agricultural commodity trading business, Atlas Trading & Shipping, 50% of industrial commodity trading business, Oreport and 50% of Cockett Marine Oil.

Grindrod acquires African Portland Industrial Holdings Limited (API), the owner of Matola coal terminal in Maputo.

Grindrod wins Marine Money award and Sunday Times/ Business Times award for second consecutive year.

Issue and listing of preference shares.

Five to one ordinary share split.

2006
King & Sons ships agency celebrates its 125th anniversary. Grindrod acquires the remaining 50% of Auto Carriers (now Grindrod Logistics), the remaining 25% of Grindrod Perishable Cargo Agents, 100% of Cross Country Containers and 12,5% of Maputo port.

2007
New CEO, Alan Olivier appointed.

Walter Murray Grindrod retires after 21 years as chairman and 50 years of service with the group. Ivan Clark appointed chairman to the board.

21st anniversary as a JSE listed company.

Commencement of infrastructural development in the port of Maputo.

Freight Services activities restructured into Logistics, Terminals, Ports, Intermodal, Rail and Seafreight divisions.

Grindrod acquires 100% stake in Tate & Lyle Molasses South Africa (Pty) Limited which is to become incorporated into Grindrod Tank Terminals.

Grindrod concludes Grindrod Bank BEE deal, 18% sold to three independent entities.

Grindrod acquires 50% of Vanguard Rigging and remaining 50% of CMC Grindrod.

Maputo car terminal built.

Grindrod increases its share in Portus Indico (PI) to 48,5%. PI owns 51% of Maputo Port Development Company.

2008
BEE deal concluded between Unicorn Shipping and Calulo Services to develop maritime activities in southern Africa.

Unicorn Shipping celebrates its 75th anniversary.

Grindrod acquires 100% of Bay Stevedores and the remaining shares in Cockett Marine Oil and Oreport (Trading divisions).

Grindrod enters road transportation in the petrochemical sector, made via the acquisition of the business of WM Translogistics.

First two harbour bunkering tankers delivered to Unical.

Grindrod Limited grew its market capitalisation on the JSE by 120 times in less than 10 years from 1999 to 2008.

2009
Grindrod top listed company over 10 years (Sunday Times/Business Times). Grindrod concludes B-BBEE transaction between Grindrod (South Africa) (Pty) Limited (which incorporates the majority of the South African based freight services activities), Calulo and Adopt-A-School Foundation, Global recession – the group well positioned in difficult markets.

2010
GRINDROD 100 years 1910 - 2010

Grindrod group celebrates its Centenary. Top listed company over 10 years second year in succession.

Directorate – Non-executive

Hassen Adams (58)

Pr Tech Eng (Civil Engineering)
Independent non-executive director
Appointed December 2000.

Chairman of Grand Parade Investments Limited, SunWest International (Pty) Limited, Table Bay Hotel, GrandWest Casino, Consulting Engineers and Proman Project Managers. Hassen is a consulting engineer and has diversified business interests in engineering, project management, leisure, gaming and property developments.

Mkhuseli Faku (44)

BA (Law)
Non-executive director
Appointed December 2009.

Group executive chairman and founder of Calulo Investments (Pty) Limited. Calulo has a 15% equity interest in Grindrod (South Africa) (Pty) Limited. Mkhuseli has extensive experience in the South African oil industry and has served on the boards of the South African Petroleum Industry Association, African Minerals and Energy Forum and World Petroleum Congress (South Africa). He is a non-executive director of Grindrod (South Africa) (Pty) Limited and a director of various Calulo subsidiaries.

Michael Groves (65)

CA(SA)
Independent non-executive director
Appointed August 1986.

Non-executive director of Value Group Limited and Grindrod Bank Limited. Mike was managing director of the group from 1986 to 1999 and has many years experience in the shipping industry and in the role as a non-executive director of listed companies.

Chairman of the audit committee

Member of the remuneration/ nomination committee

Ivan Clark (67)

CA(SA)
Non-executive chairman
Appointed June 1993.

Chairman of Grindrod Bank Limited. Ivan was employed by the group in 1977 and held various senior financial and executive positions in the Shipping division. He served as group chief executive officer from 1999 to 2006, after which he was appointed deputy chairman of the group. He was appointed chairman on the retirement of WM Grindrod in 2007.

Member of the remuneration/ nomination committee

Sandile Zungu (43)

BSc (Mechanical Engineering); MBA
Independent non-executive director
Appointed December 2009.

Chairman of Aflease Gold Limited and non-executive director of Uranium One Africa Limited. Member of the Presidential Advisory Council on Broad-based Black Economic Empowerment and previous director of Barnard Jacobs Mellett Holdings Limited. Sandile established Zungu Investments Company (Pty) Limited in 2000.

Michael Hankinson (61)

CA(SA)
Independent non-executive director
Appointed December 2009.

Chairman of the Spar Group Limited and Brandcorp Holdings (Pty) Limited. Non-executive director of Apollo Tyres Limited (Delhi) and Illovo Sugar Limited. Mike is a former chief executive of Dunlop Tyres International (Pty) Limited and Romatex Limited.

Chairman of the remuneration/nomination committee

Member of the audit committee

Walter Geach (56)

Advocate; LLB; MCom; CA(SA); FCIS
Independent non-executive director
Appointed July 2008.

Advocate of the High Court of South Africa, Walter is a senior professor and Fellow of the University of KwaZulu-Natal. His areas of specialisation are Financial Accounting, Taxation, Corporate Governance, Business Law and Financial Services. He previously served on the tax committee of the South African Institute of Chartered Accountants KZN and was a technical committee member of the South African Institute of Professional Accountants (SAIPA). He has lectured at the Universities of Cape Town, Natal and Durban-Westville. Walter is a non-executive director of Grindrod Bank Limited. He is the author of a number of books including the Guide to the Companies Act and Regulations and Guide to the Close Corporations Act and Regulations.

Member of the audit committee

Executive committee

David Polkinghorne (46)

BCom; MA (Oxon)
Chief executive officer – Financial Services
Appointed to the board November 2006.

Managing director of Grindrod Bank Limited and executive director of all the Financial Services companies. Director of various outside companies where he is involved in the audit, risk and remuneration committees and trustee of two large charitable trusts which require asset management input. David has been involved in the financial services sector for more than 20 years. He has had exposure to all areas of corporate and investment banking and, in particular, has extensive experience in commercial property finance, private equity and corporate finance.

Alan Olivier (50)

CA(SA)
Chief executive officer
Appointed to the board May 1999.

Alan was employed in 1986 in the Shipping division and held senior treasury and financial positions before his appointment as chief executive of Unicorn Shipping in 1995. Alan is director of local and international subsidiary companies, including Grindrod Bank Limited and is deputy chairman of The United Kingdom Mutual Steamship Assurance Association (Bermuda) Limited.

Brendan McIlmurray (67)

LLB (University of London)
Chief executive officer – Trading
Appointed to the executive committee in 2008.

Brendan has more than 10 years marketing experience in the mining industry with Union Corporation, Impala Platinum and Anglovaal and 30 years experience in the trading industry. Brendan is a founding shareholder and director of the Oreport group.

David Rennie (50)

Captain
Chief executive officer – Ports and Terminals
Appointed to the board October 2002.

Director of major local and international subsidiaries and associates, including Ocean Africa Container Lines (Pty) Limited, Oil Tanking Grindrod Calulo (Pty) Limited and Baobab Holdings Limited. Chairman of Maputo Port Development Company and Grindrod Mauritius Limitada. Dave is the current chief executive officer of Grindrod (South Africa) (Pty) Limited, which houses the group's BEE business. He was employed in 1978 and has diverse port, terminal and freight logistics experience.

Laurence Stuart-Hill (47)

CA(SA)
Chief executive officer – Shipping (Tankers)
Appointed to the board May 1999.

Director of major local and international subsidiary companies within the group. Director of Marine Shipping Mutual Insurance Company Limited (MSMI). Laurence was employed as treasury manager by Unicorn Lines in 1993 and promoted to financial manager of Unicorn Tankers in 1996 and financial director of Grindrod Limited in 1999. He headed up the group's Freight Services division from 2002 to 2006 before he took responsibility for Unicorn Shipping.

Martyn Wade (51)

Chief executive officer – Shipping (Drybulk)
Appointed to the executive committee in 2009.

Director of major international subsidiary companies. Martyn has 32 years international shipping experience and has worked for shipowners, operators and brokers. He was a member of the original Baltic Exchange for 10 years.

John Jones (60)

Chief executive officer – Logistics
Appointed to the board October 2002.

Director of various local subsidiary companies. John was employed by the group in 1969 and held various positions within Ships Agencies before being promoted to regional manager in the Unicorn Johannesburg marketing office. In 1986 he was promoted to general manager and in 1987 promoted to managing director of Grindrod Ships Agencies. He has achieved 42 years service. He has considerable experience in the freight and ships agency businesses. John took over the responsibility of the Logistics division during 2010.

Tony Stewart (46)

CA(SA)
Financial director
Appointed to the board August 2003.

Director of major local and international subsidiary companies within the group. Tony was employed in 2000 as financial manager of Unicorn Shipping and was appointed as group financial manager in 2002, prior to his appointment as group financial director. Tony will take over the executive responsibility of the Trading division from Brendan McIlmurray when he retires in June 2011.

Chairman's report

Introduction

It is my privilege to have been chairman of the group during this centenary year and to report to shareholders on its activities over the past year. As part of the celebrations of this milestone a coffee table book on the history of the group was published recording the group's developments from its humble beginnings in 1910 to today. Grindrod has always been and remains a widely respected group and has therefore over the years been able to develop relationships worldwide with the best of breed in the business community.

The global financial crisis appears to have been a catalyst for the process of international economic rebalancing with financial power and consumption increasingly shifting from the west to the east or more accurately, from maturing industrial nations to the emerging industrial powers. China and India have continued to create demand for commodities driven by rapid industrialisation, urbanisation and rising living standards. This has been in contrast to the economic recovery in the West which has been slow but is gaining some momentum.

To a large extent South Africa has been spared the worst of the global economic crisis and has enjoyed the benefits of high commodity prices, a stable banking system and foreign direct investment. Its acceptance as a powerful emerging market as well as indication of a planned increase in infrastructure spend should see good growth into the future.

These economic and structural changes should benefit Grindrod in the near and long-term.

Overview

In assessing the group's performance over the year, it is disappointing that profits have declined but encouraging that the group's strategy of diversification and becoming a truly integrated freight logistics service provider has contributed to the group's resilience during a period when shipping markets have fallen to low levels. For the first time, the majority of the group's earnings were contributed by non-shipping operations. This strength has differentiated Grindrod from many of its international peers focused only on shipping services.

The group continues to have a strong balance sheet with an ability to use leverage to expand activities at the appropriate time. It has a modern, growing fleet of owned and chartered vessels which trade worldwide. In addition, the group has substantial and expanding investments in port, terminal and rail infrastructure in southern Africa, particularly in the ports of Maputo and Richards Bay which are strategically placed to meet the stronger demand for southern African commodities. Combined with its freight logistics, commodity trading and financial services businesses, the group is well positioned to achieve growth into the future.

In recording profits of R780 million (2009: R873 million) the group achieved its objective of earning a return on shareholders' funds of above 15%.

The group has consistently maintained a dividend cover between the 3,2 to 3,5 range over the past seven years. With a final dividend of 27 cents (interim 27 cents) per ordinary share this represents a dividend cover of 3,2 times for the year.

Sustainability

During its 100 year history the group has developed a reputation of financial stability and sustainability. This reputation is jealously guarded together with its record of doing business with integrity and good corporate governance.

Grindrod continues to strive for efficient, well run operations staffed by empowered and motivated people while remaining a good corporate citizen.

During the year a revised group environmental and climate change policy was approved and is in the process of being implemented which will see environmental risks further reduced, particularly in the area of climate change.

This annual report is an example of our continued emphasis on global best practice. Grindrod was rated as "excellent" and in the top 20 of the Ernst and Young Excellence in Corporate Reporting 2010 survey. I am also pleased to report that Grindrod was once again admitted to the JSE's SRI index.

For the second year Grindrod was ranked first in the Sunday Times' Top Performer over 10 years by achieving a compound share price growth rate of 49,6% over the 10 years.

We continue to develop our BEE status as regards our South African domiciled businesses and are proud to have received the KwaZulu-Natal Best BEE Deal/Project of the Year award in 2010.

The development of our people in the group and the retention of key skills with effective succession planning remains a priority, as does our corporate social investment and enterprise development programmes, all of which contribute to the upliftment of the people in South Africa.

Its strong financial position, good strategic assets, history of profits combined with its sustainable business practices position the group for growth into the future.

Corporate governance

The company continues to align itself with the new King III code on governance as well as other changes in legislation, both locally and internationally, including the new Companies Act which becomes effective in 2011.

R780 million

During its 100 year history the group has developed a reputation of financial stability and sustainability.

Directorate

During the year Tim McClure retired as an executive director. He made an enormous contribution towards the growth of Grindrod and its drybulk shipping business through his leadership, entrepreneurial skills and shipping knowledge. We thank him for this contribution. Tony Norton also retired and we record our gratitude for his valued contribution as a director and as a member of the audit and remuneration committees.

The future

The group has embraced the strategy of diversification and integration of group services supporting in particular the movement of drybulk, bulk liquid, containers and vehicles.

The outlook within our shipping activities remains uncertain due to an oversupply of ships. Growth is, however, expected from other business segments against a background of continued demand for coal, iron ore and other commodities and an increase in economic activity worldwide. The Rand/US Dollar exchange rate is the wild card in assessing the prospects of the group in 2011.

I, however, look forward in the near term to a new growth phase in the group's history, as the full potential of the group's investments over the past years develop into sustainable earnings growth and capital value appreciation.

Appreciation

I record my sincere thanks to my fellow directors for the strategic and commercial value they bring to the group. I thank the chief executive officer, Alan Olivier, his executive and each member of the Grindrod team for their efforts in 2010.

IAJ Clark
Chairman

Durban
23 February 2011

Chief executive officer's report

Introduction

As the global economy began its recovery from economic crisis, the focus for Grindrod in the 2009 financial year was on stability and balance sheet protection. In 2010 this shifted to repositioning the group to take advantage of the improving economic environment, driven in particular by growth in China, India and other emerging markets.

Earnings were negatively impacted by the difficult economic environment in which the group operated as well as by operational issues, in particular in the group's southern African businesses. Earnings were 11% down at R780 million for the year ended 31 December 2010 (2009: R873 million), primarily because of the stronger Rand/US Dollar exchange rate, lower profits on the sale of ships and business development costs. Conversely, volume growth in ship operating activities, together with improved profitability from the Freight Services and Financial Services divisions, contributed positively to results.

The strategy to diversify the group from shipping to an integrated freight and logistics business continues to bear fruit: 54% of income is generated by the non-shipping businesses. Improved returns have been generated in Freight Services and Trading as a result of the substantial investments made, even though optimum levels of capacity utilisation, particularly in the terminals business, have not yet been achieved. Returns in the shipping business have been similarly impacted by the substantial capital tied up in ships under construction.

Group strategy

The outlook for commodity demand remains very positive and as a consequence, presents opportunities for infrastructural growth in southern Africa.

Grindrod is well positioned to take advantage of increased commodity demand and of a recovering global economy. The company has:

- Valuable strategic port and terminal assets with capacity to grow
- Low cost of shipping fleet and opportunities in niche sectors
- Experienced management and staff
- Strong customer, supplier and banking relationships
- Balance sheet strength

The group benefited substantially by investing in shipping in the past, at a time when markets were weak. However, at the same time there was a strong expectation of future economic growth and increasing demand for ships. A similar situation exists today: the demand for commodities cannot be met owing to limitations in infrastructure. As a consequence, the group will continue to add capacity to the Richards Bay terminal facilities and significant capacity to the Maputo port and coal terminal. In addition, new infrastructural projects are being evaluated. This will see continued focus on the development of the Freight Services and Trading divisions.

The oversupply of ships, particularly in the capesize sector of the drybulk market, while likely to weigh on shipping markets, could present acquisition opportunities. There are numerous shipping companies that are suffering financially as a consequence of buying, chartering or contracting to build ships at the peak of the market. This is likely to present investment opportunities. Any expansion will not only ensure a continuing low cost fleet, but will provide synergistic benefits of operational efficiencies and the utilisation of current overhead structures.

The group has capacity of up to R8 billion of capital expenditure over the next three years which will be sufficient for current plans. However, any major projects or opportunities that arise in the short-term may require additional equity to be raised.

Whilst continuing to operate in four divisions, we plan to integrate these operations more fully. Benefits will stem from retaining margin within the group and will ensure the provision of a full logistical service to customers.

This is a major realignment of group strategy: it underlines our planned progression towards being a more fully integrated freight and logistics service provider.

Key challenges

In addition to managing the inherent volatility of the shipping and commodity markets, the group faces a number of challenges in order to deliver the above strategy. These include the reliance on state owned enterprises in South Africa to provide the necessary infrastructure to support growth plans, competition from major global players who have similar expansion plans (particularly in Africa) and the operational management of new and expanding businesses.

The objective to increase the shipping fleet and to achieve full capacity in the port and terminal businesses may take time to implement. While we expect that short-term profitability and returns may be adversely affected, we are confident of substantial growth and value creation in the long-term.

The group remains well positioned with strategic assets and has the management, staffing, relationships and above all, a track record of delivery to deal with challenges and to execute on its growth plans.

Sustainable development

The group is committed to integrating environmental, social and governance best practices across all business entities and will ensure that all stakeholders ascribe to its values of respect, integrity, professionalism, fairness and accountability.

The group will continue to add capacity to the Richards Bay terminal facilities and significant capacity to the Maputo port and coal terminal.

On the environmental front, strong and measurable actions have been taken to improve the integrity of carbon emission reporting and to enhance practices across all divisions within the group. This is more fully set out in the environmental report.

Management and employees

After a decade of very little change to executive management, there has recently been some movement.

Tim McClure retired from the group on 31 July 2010 as chief executive officer of Drybulk Shipping and was replaced by Martyn Wade. Tim is thanked for his considerable contribution during his 12 year tenure with the group.

Two further retirements are planned for 2011. Brendan McIlmurray is due to retire on 30 June 2011 and John Jones after 42 years service, on 31 August 2011. Hylton Gray, a previous managing director of a clearing and forwarding operation within Grindrod, will take over from John as chief executive officer of Logistics and Tony Stewart will assume responsibility for the Trading business. Andrew Waller replaces Tony as financial director on 1 March 2011.

Thanks go to my executive and all our employees for their contribution and hard work. I look forward to their continued support and commitment.

I am also grateful to the chairman, Ivan Clark and the non-executive directors of the board for their advice and support during the past year.

AK Olivier
Chief Executive Officer

Durban
23 February 2011

Financial director's report

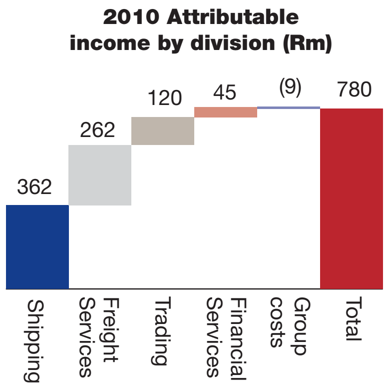
Group revenue of R30,2 billion was 9% higher than the prior year due mainly to the growth in the Trading division's volumes and commodity pricing together with the impact of acquisitions made by the group during the year. However, the stronger Rand/US Dollar exchange rate, lower ship sale profits and new business development costs resulted in a decrease of 9% in earnings before interest, tax, depreciation and amortisation (EBITDA) from R1 435 million to R1 304 million.

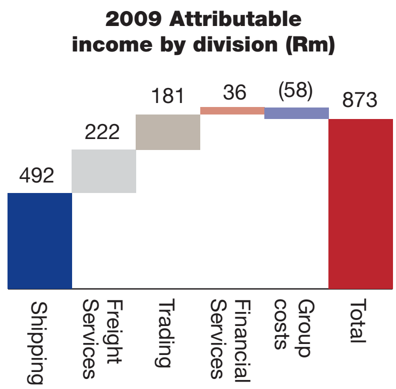
Higher depreciation and amortisation charges, as a result of significant capital expenditure in 2009 and 2010, further negatively impacted profitability with operating income reducing to R964 million, a 16% decline from 2009. Operating margins, excluding the trading business, were 11,2% compared to 12,2% in the previous year.

The group had a net interest expense of R61 million for the year compared to R91 million in 2009, mainly due to lower Rand interest rates and the utilisation of US Dollar cash to reduce Rand debt.

The group's average effective tax rate decreased from 16,5% to 15,4%.

Earnings contribution from the non-shipping businesses increased to 54% of the group's earnings compared to 47% in 2009.



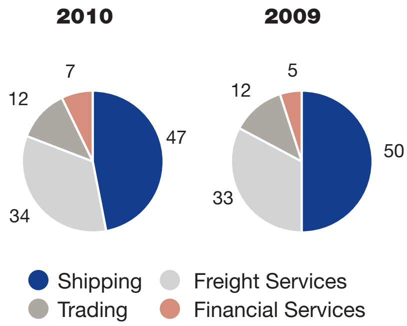


Andrew Waller (48)
CA(SA)
Financial director
Appointed March 2011

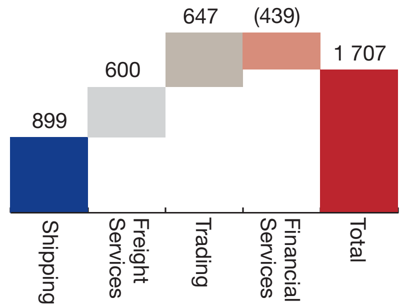
Group equity has increased from R5,7 billion to R5,9 billion mainly due to retained profits, the impact of which was reduced by the effect of the strong closing Rand/US Dollar exchange rate. Gearing increased from 4% to 32% mainly due to capital expenditure and higher working capital requirements in the Trading business due to higher commodity prices.

The allocation of equity to the group's segments is represented below.

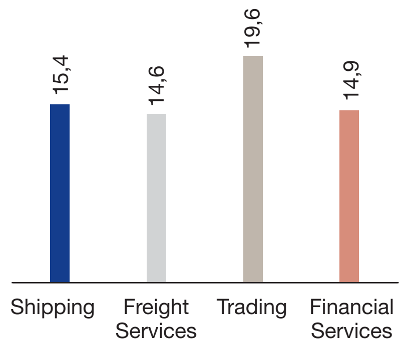
Divisional equity (%)



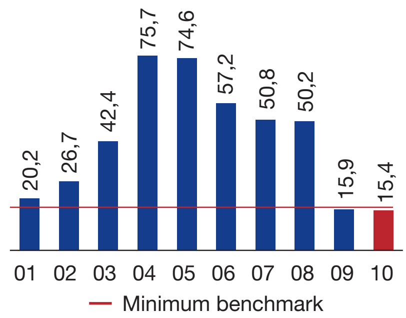
2010 Net debt/(cash) by division (Rm)



Return on ordinary shareholders' funds by division (%)



Return on ordinary shareholders' funds (%)



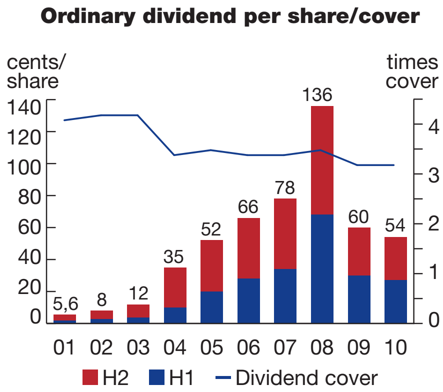
The ordinary shareholders' return on equity of the Shipping division of 15,4% (2009: 17%) and the Freight Services division of 14,6% (2009: 13%) reflects the impact of the substantial investment in ships under construction and facility expansions not yet fully utilised.

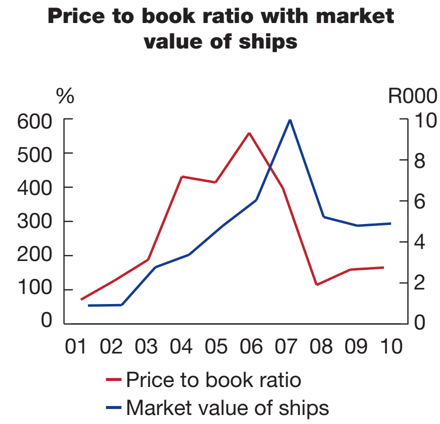
A detailed review of divisional positions is included in the divisional reviews.

Capital expenditure and commitments

Capital expenditure and approved capital expenditure for the next three years as at 31 December 2010 is set out below:

Description R million	Capital expenditure 2010	Capital commitments and approved expenditure 2011	2012	2013	Total commitments
Ships	1 027	803	194	34	1 031
Property and terminals	179	238	74	1	313
Equipment, locomotives and vehicles	209	93	6	5	104
Subtotal	**1 415**	1 134	274	40	1 448
Acquisition of businesses	307	–	–	–	–
Total	**1 722**	1 134	274	40	1 448





The Shipping division took delivery of four tankers, two bulk carriers and contracted to build a further two handysize bulk carriers during the year under review. In addition, the division concluded the acquisition of a Rotterdam based bunker tanker business.

A settlement agreement was entered into resolving all disputes and arbitrations previously reported with a Chinese shipyard. This has resulted in two of the five cancelled 16 500 dwt products tanker ship contracts being reinstated.

The major allocation of capital expenditure in Freight Services was directed to the expansion of the Maputo coal terminal capacity from 4 million to 6 million tonnes per annum and the acquisition of Fuelogic, a South African based petrochemical road transportation service provider.

Freight Services continues to focus on the growth of its South African operations and infrastructure opportunities in Mozambique and other parts of Africa.

Trading acquired a new bunker trading business and continues to evaluate further supply chain investment opportunities in the agricultural and mineral sectors.

The group has capacity for an additional R7 billion to R8 billion of capital expenditure over the next three years and subsequent to year-end, the board approved a further R439 million of capital expenditure.

The major allocation of capital expenditure in Freight Services was directed to the expansion of the Maputo coal terminal.

During the year, the group reviewed its weighted average cost of capital (WACC) calculation and project hurdle rates to ensure they reflected current market conditions and the market outlook. The project hurdle rates remain in line with 2009 levels and are set out on below.

	ZAR %	USD %
Cost of equity/required rate of return	15,0	10,0
Long-term cost of borrowings	10,4	5,4
Therefore after tax	7,2	5,3
WACC based on 75% debt:equity	12,0	8,0

The WACC benchmark is adopted for high or low risk projects and capex projects are generally only approved if projected returns substantially exceed benchmarks.

The WACC benchmarks will continue to be regularly reviewed and amended as market conditions change.

Capital is applied to the divisions providing the best returns on investment. Management continues to monitor the performance of the various divisions and will reallocate equity between the divisions in order to maximise shareholders' returns.

The group's maximum net debt:equity ratio benchmark is 100%, but a level of 75% is considered optimal. A further, secondary restriction in terms of a maximum net debt/ EBITDA multiple of 3 times with an optimal level of 2,5 times is applied. The calculation of capital expenditure capacity over the next three years assumes the above optimal levels.

Borrowings, cash flow and liquidity

Cash generated from operations was R775 million (2009: R918 million). Cash outflows included capital expenditure of R1 722 million and dividends of R302 million. This resulted in the net debt position of R258 million at 31 December 2009, increasing to R1 904 million at 31 December 2010.

The group has adequate funding available for all its capital commitments through its cash resources, cash generated from operations and existing bank facilities.

Foreign currency exposures

At 31 December 2010, the group had a net open US Dollar position of US$19 million (2009: US$55 million), which when revalued, impacts on group earnings. This decrease is as a result of the close out of exposures in the US Dollar businesses, which is in line with the decision to reduce Rand exposure in US Dollar denominated subsidiaries. In addition, a further exposure of US$652 million (2009: US$629 million) relating to the group's net asset value of US Dollar assets affects the balance sheet. Based on revalued asset values, the total exposure equates to US$775 million (2009: US$737 million).

The group also has substantial exposure to the US Dollar through its US Dollar operating cash flows. In 2010, this amounted to US$81 million which had a significant impact on the group's results. It is not the group's policy to hedge US Dollar operating cash flows generated by US Dollar-denominated businesses.

US Dollar flows in the Rand-denominated businesses are hedged but are still exposed to a certain amount of foreign currency risk as they are only able to be hedged once committed.

Foreign currency exposure arising on Yen-denominated shipping capital commitments as at 31 December 2010 is JPY6 billion (US$74 million). The Yen position on the newbuildings is mitigated to the extent that future instalments can be funded out of Yen-denominated bank debt. The position remains open and is closely monitored by management.

Interest rate exposures

As at 31 December 2010, 29% of the group's Rand and 14% of the group's US Dollar interest rate exposure was hedged. The group's interest cover strategy on Rand and US Dollar denominated debt, to ensure that exposure to fluctuating interest rates is minimised, is set out below:

Interest costs on general funding lines and specific debt are to be hedged where revenues servicing these costs are contracted:

- Interest cover of 30% to 70% on general funding lines will be targeted over a two-year period. The level of cover should be in line with contracted revenue servicing this debt; and
- Interest cover on specific debt linked to underlying assets with a fixed revenue stream should be hedged between 50% to 100% over the matching period.

The position is monitored closely by management.

Risk management

The risks identified as significant to the group and the management of these risks are dealt with in the risk report on pages 86 to 91.

Financial controls

The internal control systems are designed to provide reasonable assurance against material losses and misstatement of financial results are intended to manage all significant risks. The safeguarding and prevention of misuse of assets is another important aspect of internal control.

Principle features of the group's internal financial controls are:

- An organisational structure comprising clearly defined reporting lines, responsibilities and levels of authority.
- Policies, procedures and guidelines to ensure that best practice standards are achieved.
- A system of financial planning, budgeting and reporting which enables performance to be monitored against predetermined objectives.

In 2011, in line with King III recommendations, the internal financial control framework is being further developed to improve the identification of financial reporting risks and to provide additional assurance that controls are adequate to address the risk of material misstatements of financial results.

The internal audit approach has been dealt with in the corporate governance section on page 72.

Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 31 December 2010 and the AC500 standards issued by the Accounting Practices Board or its successor. The annual financial statements comply with Schedule 4 of the South African Companies Act and the disclosure requirements of the JSE Limited Listings Requirements.

These annual financial statements were approved by the board of directors on 23 February 2011.

The accounting policies adopted and methods of computation used in the preparation of the consolidated financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 December 2009 except for the adoption of new or revised accounting standards, interpretations and circulars and restatements which are described below.

None of the changes below have impacted on the statement of financial position at 31 December 2008 and has therefore not been re-presented.

The group adopted accounting standards and interpretations that became applicable during the current financial year.

Of the amendments included in the improvements to IFRS, the following standards had an impact on the group's accounting policies and methods of computation:

- IFRS 3 Business Combinations;
- IAS 27 Consolidated and Separate Financial Statements; and
- IAS 28 Investments in Associates.

The adoption of the above standards impacts the group as follows:

- Any excess over net asset value arising from the buy-out of non-controlling interests is recognised in equity;
- Transaction related costs for new acquisitions are expensed in the income statement; and
- Non-controlling interests share in accumulated losses above the equity they contributed.

Amendments to these standards as noted above have been applied prospectively and have no material impact on the income statement, statement of comprehensive income and the statement of financial position.

Critical judgements in applying the group's accounting policies/key sources of estimation uncertainties are dealt with, in detail in the accounting policies section on page 146.

Post balance sheet events

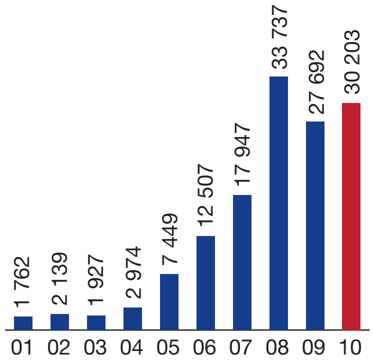
In respect of post balance sheet events no material changes have taken place in the affairs of the group subsequent to year-end.

AF Stewart
Financial director

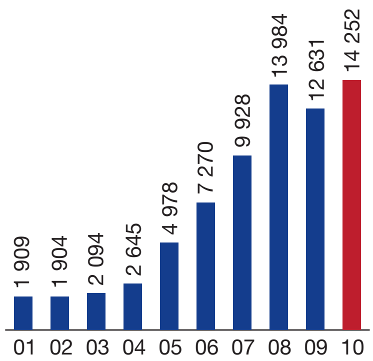
Durban
23 February 2011

Group financial review

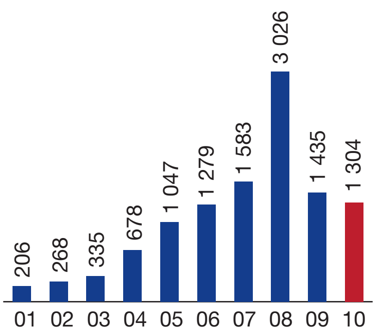
Revenue (Rm)



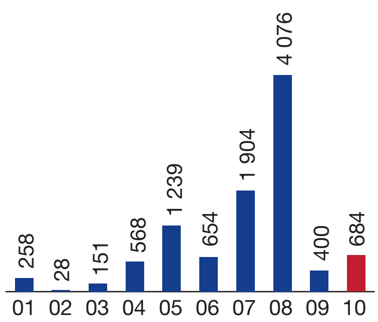
Total assets (Rm)



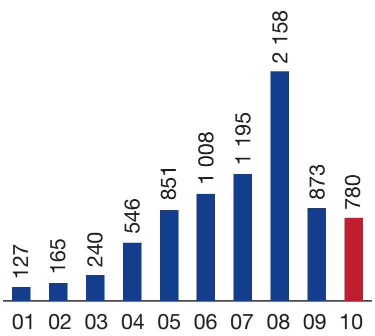
Trading profit (EBITDA) (Rm)



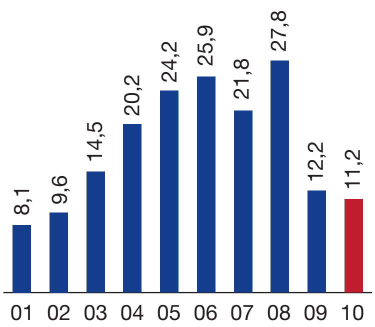
Cash available from operations (excluding dual purpose assets) (Rm)



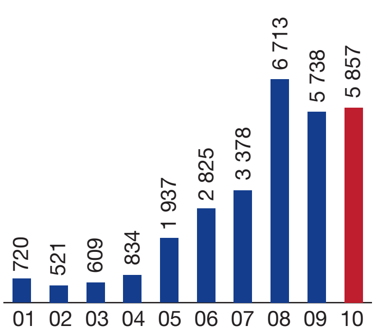
Attributable income (Rm)



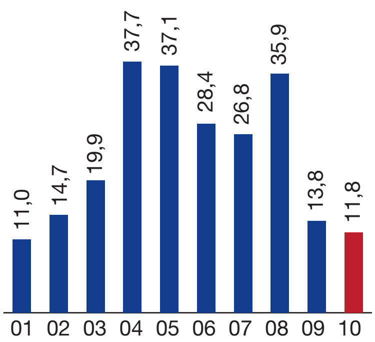
Operating margin (excluding Trading) (%)



Shareholders' funds (Rm)



Return on net assets (%)



Group financial review (continued)

at 31 December

	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
GROUP STATEMENT OF FINANCIAL POSITION										
Ships, property, terminals, vehicles and equipment	**5 121**	3 923	4 541	3 047	2 337	2 069	1 536	961	1 093	1 047
Intangible assets	**869**	831	713	521	351	251	50	37	16	15
Investments	**434**	367	367	307	337	178	201	265	310	271
Loans and advances to bank customers	**1 710**	1 483	1 050	966	506	–	–	–	–	–
Liquid assets and short-term negotiables	**129**	104	139	229	174	–	–	–	–	–
Financial assets	**3**	102	141	92	21	1	–	50	–	–
Recoverables on cancelled ships	**–**	239	–	–	–	–	–	–	–	–
Deferred taxation	**179**	159	159	138	70	69	37	7	–	–
Current assets	**5 807**	5 423	6 874	4 628	3 474	2 410	822	773	485	576
Total assets	**14 252**	12 631	13 984	9 928	7 270	4 978	2 645	2 094	1 904	1 909
Share capital and premium	**66**	49	13	199	515	498	8	84	81	120
Reserves and accumulated profit	**5 791**	5 689	6 700	3 179	2 310	1 439	826	525	440	600
Shareholders' funds	**5 857**	5 738	6 713	3 378	2 825	1 937	834	609	521	720
Non-controlling interest	**114**	98	62	61	(2)	7	8	7	3	2
Total equity	**5 971**	5 836	6 775	3 439	2 823	1 944	842	616	524	722
Deferred taxation	**125**	22	19	33	24	20	4	2	12	–
Interest bearing loans	**3 525**	2 246	1 964	2 306	1 829	1 534	974	856	959	684
Financial liabilities	**18**	181	37	49	12	83	50	76	–	–
Other liabilities	**4 613**	4 346	5 189	4 101	2 582	1 397	775	543	409	503
Total funding	**14 252**	12 631	13 984	9 928	7 270	4 978	2 645	2 094	1 904	1 909
Net current assets/(liabilities)	**1 157**	1 691	2 491	679	453	301	(211)	9	(265)	(70)

	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm
GROUP INCOME STATEMENT										
Revenue	**30 203**	27 692	33 737	17 947	12 507	7 449	2 974	1 927	2 139	1 762
Trading profit	**1 304**	1 435	3 026	1 583	1 279	1 047	678	335	268	206
Depreciation	**(340)**	(292)	(241)	(218)	(154)	(122)	(76)	(55)	(62)	(65)
Operating profit before net interest and taxation	**964**	1 143	2 785	1 365	1 125	925	602	280	206	141
Non-trading items	**12**	14	(164)	4	(39)	3	2	–	(3)	(2)
Net interest paid	**(61)**	(91)	(175)	(131)	(71)	(87)	(62)	(67)	(37)	(41)
Profit before share of associates profit	**915**	1 066	2 446	1 238	1 015	841	542	213	166	98
Share of associate companies profit before taxation	**84**	76	66	63	128	89	53	32	19	16
Profit before taxation	**999**	1 142	2 512	1 301	1 143	930	595	245	185	114
Taxation	**(154)**	(188)	(243)	(17)	(76)	(65)	(48)	(5)	(19)	13
Profit after taxation	**845**	954	2 269	1 285	1 067	865	547	240	166	127
Non-controlling interest	**(6)**	(12)	(20)	(13)	5	1	(1)	–	(1)	–
Profit for the year before preference dividends	**839**	942	2 249	1 272	1 072	866	546	240	165	127
Preference dividends	**(59)**	(69)	(91)	(77)	(64)	(15)	–	–	–	–
Profit attributable to ordinary shareholders	**780**	873	2 158	1 195	1 008	851	546	240	165	127
Ordinary shareholders' interest in non-trading items	**(18)**	(16)	164	(4)	(2)	(2)	1	–	3	2
Headline earnings	**762**	857	2 321	1 191	1 006	849	547	240	168	129
GROUP CASH FLOW										
Cash available from operations (excl. dual purpose assets)	**684**	400	4 076	1 904	654	1 239	568	151	28	258
Distribution/dividends paid	**(302)**	(461)	(604)	(331)	(104)	(201)	(61)	(30)	(28)	(25)
Cash retained from operations	**382**	(61)	3 472	1 573	550	1 038	507	121	–	233
Proceeds on disposal of property, terminals, vehicles and equipment, investments and other items	**82**	51	341	73	669	16	121	481	77	287
Cash available for investment	**464**	(10)	3 813	1 646	1 219	1 054	628	602	77	520
Cash invested	**(702)**	(587)	(2 175)	(1 828)	(1 084)	(1 704)	(581)	(348)	(237)	(93)
Net finance (raised)/repaid	**(238)**	(597)	1 638	(182)	135	(650)	47	254	(160)	427

Group financial review (continued)

at 31 December

	Objectives	2010	2009	2008	2007	2006	2005
ORDINARY SHARE PERFORMANCE							
Number of ordinary shares in issue net of treasury shares (000's)		**455 803**	454 203	450 252	455 459	449 179	461 626
Weighted average number of ordinary shares on which earnings per share are based (000's)		**454 591**	452 278	453 640	452 934	455 719	458 490
Earnings per share (cents)		**171,6**	193,0	475,7	263,9	221,2	185,7
Headline earnings per share (cents)		**167,6**	189,6	511,7	263,1	220,8	185,3
Price/earnings ratio (times)		**11,0**	9,2	3,2	8,9	11,7	7,0
EV/EBITDA (times)		**7,3**	5,6	2,9	3,6	3,6	3,3
Dividend/distribution per share (cents)		**54,0**	60,0	136,0	78,0	66,0	52,0
Dividend/distribution cover (times)		**3,2**	3,2	3,5	3,4	3,4	3,5
Dividend yield (%)		**2,8**	3,4	8,9	3,3	2,6	4,0
EBITDA per share (cents)		**286,9**	317,3	665,4	349,7	280,7	228,4
EBITDA dividend/distribution cover (times)		**5,3**	5,3	4,9	4,5	4,3	4,4
Net worth per share at book value (cents)		**1 147**	1 122	1 340	590	461	314
PROFITABILITY							
Operating margin (%)		**3,2**	4,1	8,3	8,0	9,0	12,4
Operating margin excluding Trading (%)		**11,2**	12,2	27,8	21,8	25,9	24,2
Return on net assets (%)	12,0	**11,8**	13,8	35,9	26,8	28,4	37,1
Return on ordinary shareholders' funds (%) – minimum	15,0	**15,4**	15,9	50,2	50,8	57,2	74,6
Effective rate of taxation (%)		**15,4**	16,5	9,7	1,2	6,6	7,0
LEVERAGE AND LIQUIDITY							
Total liabilities to total shareholders' interests (%)		**74,3**	75,8	73,3	152,0	115,7	130,2
Net interest-bearing debt to total shareholders' interests (%) – maximum	75,0	**31,9**	4,4	(4,8)	28,5	19,7	33,0
Net debt to EBITDA (times) – maximum	3,0	**1,5**	0,2	(0,1)	0,6	0,4	0,6
Debt service cover ratio		**1,0**	3,2	2,7	5,2	11,0	3,7
Interest cover (times) – minimum	3,0	**15,9**	12,7	14,9	10,5	15,9	10,7
Current ratio – minimum	1,0	**1,2**	1,5	1,6	1,2	1,2	1,3
EMPLOYEES							
Number of employees – subsidiaries		**4 849**	3 829	3 999	3 955	3 695	2 322
– joint ventures		**782**	648	651	1 375	1 448	2 248
Profit per employee (R000)		**149**	210	499	257	229	247
Assets per employee (R000)		**2 720**	3 041	3 233	2 138	1 645	1 445

Prior year figures from 2004 have been adjusted for the 5:1 share split.

2004 figures have been restated for IFRS and operating lease adjustments.

2004	2003	2002	2001	
454 610	480 685	472 483	496 645	
450 220	477 710	480 862	527 675	
121,3	50,2	34,4	24,1	Profit attributable to ordinary shareholders divided by weighted average number of shares in issue during the year under review.
121,4	50,2	35,0	24,5	Headline earnings divided by weighted average number of shares in issue during the year under review.
6,5	4,7	4,1	4,2	Share price at end of year under review divided by earnings per share.
2,7	4,3	5,5	6,9	Total equity plus interest-bearing loans divided by EBITDA (earnings before interest, taxation, depreciation and amortisation).
35,0	12,0	8,0	5,6	Total ordinary dividend/distribution declared relating to the year under review.
3,4	4,2	4,2	4,1	Earnings per share divided by dividend/distribution per share.
4,4	5,0	5,7	5,5	Dividend per share divided by the share price at the end of the year under review (expressed as a percentage).
150,6	72,0	55,8	38,9	EBITDA divided by the weighted average number of shares on which earnings per share are based.
4,3	6,0	7,1	6,6	EBITDA divided by (total ordinary dividend/distribution declared relating to the year under review multiplied by the number of ordinary shares in issue net of treasury shares).
183	127	110	145	Total equity less preference share equity divided by the total number of ordinary shares in issue net of treasury shares.
20,2	14,5	9,6	8,1	Operating profit before interest and taxation, expressed as a percentage of revenue.
20,2	14,5	9,6	8,1	Operating profit before interest and taxation, excluding Trading expressed as a percentage of revenue excluding Trading revenue.
37,7	19,9	14,7	11,0	Operating profit before interest and taxation, including non-trading items and share of associate companies' profit, expressed as a percentage of average total assets excluding deferred taxation, less current liabilities, excluding short-term borrowings and current portion of long-term borrowings.
75,7	42,4	26,7	20,2	Profit attributable to ordinary shareholders' expressed as a percentage of average ordinary shareholders' funds.
8,1	1,8	10,4	(11,2)	
156,3	125,6	184,5	98,8	Other liabilities and interest-bearing debt (interest-bearing loans including Bank customer deposits after netting off bank balances, cash on deposit included in financial assets, banks advances and liquid assets and short-term negotiables) expressed as a percentage of total shareholders' funds (ordinary shareholders' funds plus minority interest). In the prior year, other liabilities were netted off with financial assets and financial liabilities and interest-bearing debt was netted off with non-current assets held for sale as disclosed separately and included in inventory.
53,3	61,0	106,6	29,2	Interest-bearing loans including Bank customer deposits after netting off bank balances, cash on deposit included in financial assets, banks advances and liquid assets and short-term negotiables expressed as a percentage of total shareholders' funds. In the prior year, interest-bearing debt was netted off with non-current assets held for sale as disclosed separately and included in inventory.
0,7	1,1	2,1	1,0	Interest-bearing loans divided by EBITDA (earnings before interest, taxation, depreciation and amortisation).
2,6	1,7	2,7	0,5	Free cash flow divided by short-term and long-term debt repayments and interest paid.
9,7	4,2	5,6	3,4	Operating profit before interest and taxation, including non-trading items divided by net interest paid.
0,9	1,0	0,6	1,0	Current assets divided by current liabilities excluding current portion of long-term borrowings.
1 516	1 139	965	822	
1 180	889	835	850	
259	150	120	102	Total revenue divided by the number of employees, including 50% of the joint venture employees.
1 255	1 321	1 377	1 531	Total assets divided by the number of employees, including 50% of the joint venture employees.

R362 m
Attributable income

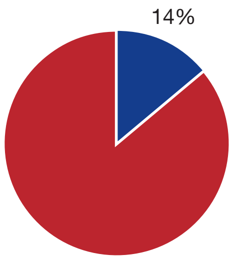
46%
Contribution to group attributable income

69
Average number of ships operated

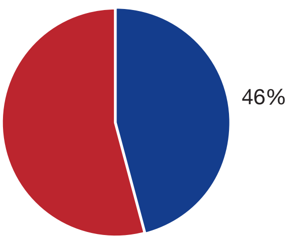
Key financial ratios		2010	2009
Operating margin	(%)	9,5	13,0
Debt:equity		0,32:1	(0,07):1
Return on ordinary shareholders' equity	(%)	15,4	17,0
Return on net assets	(%)	14,4	16,0
Number of employees		497	399

Average number of ships operated	2010	2009
	69	50
Owned	10	8
Long-term charter	24	27
Ship operating	35	15

2010 Contribution to group revenue



2010 Contribution to group attributable income



The Shipping division operates under two key brands in two sectors of the market:

- Unicorn owns, charters and operates products tankers, bunker tankers and chemical tankers; and
- IVS owns, charters and operates drybulk ships.

The shipping operations are described as follows:

- Chartering and operating of owned and long-term chartered medium-range, small and chemical tankers;
- Chartering and operating of owned and long-term chartered handysize, handymax, panamax and capesize bulk carriers; and
- Shorter-term operations, including products tankers, bunker tankers, handymax bulk carriers and the Parcel Service.

Tankers
- Owned and long-term chartered
  - Small products tankers
  - Chemical tankers
  - Medium-range products
- Ship operating activities
  - Products tankers
  - Bunker tankers

Drybulk
- Owned and long-term chartered
  - Handysize
  - Handymax
  - Panamax
  - Capesize
- Ship operating activities
  - Parcel Service
  - Handymax

Fleet operating globally

Handysize · Capesize · Panamax · Products tankers · Bunker tankers

Divisional reviews – Shipping (continued)

Strategic objectives

Tankers

- Expansion through:
  - purchase of chemical tankers
  - long-term charters of products tankers
- Further develop the bunker tanker business into an international and first choice service provider.
- Expansion of the ship operating base in South Africa to become the number one supplier to all major shippers on the South African coast.

Drybulk

- Grow the drybulk fleet through opportunistic purchases in the newbuilding and secondhand market and long-term chartered-in arrangements of low cost modern ships.
- Continue to strengthen ship operating capability

Operational review

Income statement	2010 Rm	2009 Rm	Growth %	Comments
Revenue	**4 264**	4 918	(13)	Weaker shipping markets Stronger Rand
EBITDA	**544**	774	(30)	
Operating income	**406**	647	(37)	
Attributable income	**362**	492	(26)	

For the detailed statutory income statement, see the segmental analysis on page 154.

Statement of financial position	2010 Rm	2009 Rm	Growth %
Fixed assets/investments	**3 439**	2 785	23
Current assets	**510**	1 936	(74)
Net cash	**–**	192	
Total assets	**3 949**	4 913	
Equity	**2 827**	2 903	(3)
Net debt	**899**	–	568
Other liabilities	**223**	2 010	(89)
	3 949	4 913	

Highlights for the year include:

- Contractual performance by all counterparties during what is seen to be one of the toughest products tanker markets over the past decade;
- Employment of all vessels throughout the year during a difficult tanker market;
- Relocation of Unicorn's operations office from the United Kingdom to Singapore;
- Sharp growth in volume and the performance of the Parcel Service; and
- Employment of key new experienced staff around the world resulting in the establishment of a dynamic management team.

Profit from owned and long-term chartered ships	Tankers			Bulk carriers			2010	2009	
	Medium-range	Small	Chemical	Handysize	Panamax	Capesize	**Total**	Total	Growth %
Average number of owned/ long-term chartered ships (A)	8,7	1,5	4,0	14,7	2,0	3,2	**34,1**	34,7	(2)
Average daily revenue (US$) (B)	18 600	10 500	15 300	13 600	23 400	34 600	**17 500**	15 900	10
Average daily cost (US$) (C)	15 600	12 200	14 200	8 800	9 400	23 300	**12 800**	11 500	(11)
Profit (US$ million) (Ax(B-C)x365)	9,4	(0,9)	1,7	25,9	10,2	13,3	**60**	55	9
(US$ million)									
Profit from ship operating activities							**28**	31	(10)
Profit from ship sales							**3**	31	(90)
Shipbuilding costs							**(1)**	(7)	86
Overheads							**(27)**	(28)	4
Funding costs/preference dividends/taxation							**(8)**	(17)	53
Foreign exchange loss							**(6)**	(5)	(20)
Total – US$ million							**49**	60	(18)
– converted to ZAR							**362**	492	(26)
Tankers							**(54)**	(43)	(26)
Drybulk							**416**	535	(22)

The Shipping division currently has an owned and long-term chartered fleet of 35 ships which have a market value of R811 million in excess of book value. For 2011, 53% (weighted by revenue) of the ships are contracted out and 24% (weighted by revenue) for 2012. The value of profit contracted is US$30 million for 2011.

The divisions' contract cover, together with operational efficiencies resulted in average daily revenues being above average spot rates for the year.

Shipping's earnings were adversely affected by foreign exchange losses due to a strong closing and average Rand/US Dollar exchange rate in comparison with the previous year.

A fleet overview, contract cover information and details of the fleet market value calculations are included in the group's results presentation on the website www.grindrod.co.za.

Tankers

	2010 Rm	2009 Rm	Growth %
Revenue	**1 275**	1 187	7
EBITDA	**140**	196	(29)
Operating income	**47**	113	(58)
Attributable income	**(54)**	(43)	(26)

The tanker business had a difficult year, due to fleet oversupply and slow growth in oil and chemical consumption. Chemical tanker earnings were also adversely affected by pirate activity. The small products tanker earnings declined due to high repair and maintenance cost, while the medium-range products tankers performed well as a result of good contract cover.

The market conditions in 2010 did not offer the expected opportunities to expand the operating capability and fleet size of the product and bunker tanker business. The market also did not allow the extension of long-term employment coverage on the tanker fleet as rates were not attractive.

Unicorn Shipping operated products tankers and chemical tankers from the United Kingdom and South Africa. The South African office houses the South African operating services which provided marine and technical services to the commercial office situated in the United Kingdom office. The United Kingdom office relocated to Singapore at the end of December 2010.

The division's customer base consists of oil majors, international chemical majors and large international operators. The division mainly time charters-out its fleet of modern products tankers. It also employs some of its ships in the spot market through joint services or pools. The four chemical tankers are deployed through the Stolt Tankers Pool.

The target market remains that of providing modern high quality and specialised tankers, preferably on a time charter-out basis, to oil majors, traders and other customers. Unicorn's core focus is that of providing tanker ownership and services to the oil industry via specialised and well maintained vessels. Unicorn's competitive advantage exists through its offer of high quality, modern and safe vessels, long-term relationships with the oil majors and flexibility in terms of fixtures.

During the year the tanker division took delivery of two 40 000 dwt (medium-range) products tankers (of which 50% of one was sold), a 16 500 dwt (small) products tanker and a 47 350 (medium-range) dwt products tanker (on long-term charter).

Due to a dispute on contractual terms with a Chinese shipyard, in addition to one cancelled in the previous year, a further two 16 500 dwt products tankers were cancelled. A settlement agreement was entered into with this shipyard which resolved all arbitrations and disputes.

The tanker division faces a challenging year from an earnings perspective as the tanker market digests the large number of newbuildings that have delivered into the market over the past few years. The oversupply is evidenced by low charter rates and earnings reflected in the market.

The tanker market should improve into 2012 as the last of the large order books are delivered and demand catches up with supply. Demand is forecast to continue to grow as the major world economies return to some normality and China's appetite for oil products increases.

The key challenges, therefore, are to employ the tanker fleets at optimum earnings levels without having to commit to low long-term rates. This will be managed through close monitoring of the market and fixing at different points in the market. A mix of period, spot, pool and contracts of affreightment will assist in mitigating this risk. The expansion of the piracy zone in the Indian ocean also poses a challenge to the division.

Tanker charter rates at the date of preparing this report were as follows:

	Spot rates (US$ per day)	One-year time charter rates (US$ per day)	Three-year time charter rates (US$ per day)	Average spot rates **2010** **(US$ per day)**	2009 (US$ per day)
Medium-range	8 164	13 250	14 500	**7 213**	7 608
Small	9 000	8 500	8 500	**8 875**	11 500

(Source: Clarksons Research Services Limited for medium-range tankers; management assessment for small tankers.) (Meaningful chemical tanker rates are not available.)

Drybulk

	2010 Rm	2009 Rm	Growth %
Revenue	**2 989**	3 731	(20)
EBITDA	**404**	578	(30)
Operating income	**359**	534	(33)
Attributable income	**416**	535	(22)

The drybulk business performed well with the handysize ships generating good profits due to an improved spot market, efficient fleet operation and low vessel cost. The panamax ships continued to generate healthy profits under their fixed income charters. Margins were adversely affected by the ongoing piracy risks which resulted in deviation costs to fulfil contractual commitments.

The dry cargo owned fleet has a healthy level of forward cover through a mix of period charters, long-term contracts of affreightment with counterparties and freight forward agreements. The anticipated correction in the international dry cargo shipping market is only now occurring and a number of potential opportunities have been identified and are being evaluated.

IVS has as its core competency the shipping of drybulk cargoes worldwide. IVS is headquartered in Singapore and has offices worldwide in Canada, Denmark, Japan, The Netherlands, South Africa and the United Kingdom. Through a combination of a modern fleet, third party tonnage and almost four decades of experience, the focus of IVS is to remain a reliable and trusted partner and be a carrier of choice.

IVS is firmly established as a global operator and has become a carrier of choice for a number of major grain houses with strong forward opportunities.

The target market continues to be counterparties who are looking for a first class, long established reliable partner able to offer a quality service. IVS focuses mainly on handysize, handymax, panamax and capesize bulk carriers. The division operates the vessels commercially and moved approximately 12,4 million tonnes of cargo in 2010 (2009: 10,4 million tonnes), excluding cargo moved by vessels deployed through time charters and operating in pools.

The fleet is made up of owned and charter periods varying from short-term voyage based charters (30 to 45 days) to long-term charters of up to seven years. Most of the long-term charters include the right to acquire the vessels at favourable predetermined prices.

During the year the drybulk division took delivery of two 32 500 dwt handysize bulk carriers and exercised a purchase option on one of its long-term charters, a 32 400 dwt handysize bulk carrier. It contracted to purchase a further two 32 750 dwt handysize bulk carriers and extended the long-term charter on a capesize bulk carrier by seven years.

The main challenges faced by the drybulk division are a lower freight market caused by the ongoing delivery of a large volume of newbuildings changing the supply/demand equation and the expansion of the piracy zone in the Indian Ocean. Low freight rates will result in lower earnings for owned and long-term chartered capesize fleet and the expanded piracy zone directly impacts the returns on long-term capesize contracts of affreightment into the Middle East. Both of these challenges are expected to remain in the short term.

Commodity demand remains very strong and the scrapping of older vessels is once more rising dramatically, however, the supply/demand equation is not expected to correct itself until sometime in 2012, thereby presenting a challenging 18 to 24 months for the dry cargo market.

Drybulk rates at the date of preparing this report were as follows:

	Spot rates (US$ per day)	One-year time charter rates (US$ per day)	Three-year time charter rates (US$ per day)	Average spot rates **2010** **(US$ per day)**	Average spot rates 2009 (US$ per day)
Handysize	11 543	12 250	12 000	**16 428**	11 291
Panamax	16 704	17 500	15 750	**25 041**	19 295
Capesize	10 089	18 000	18 500	**33 298**	42 656

(Source: Clarksons Research Services Limited.)

Ship operating activities

	2010 Rm	2009 Rm	Growth %
Revenue	**2 487**	1 185	110
Gross profit	**210**	258	(19)
Gross margin	**8%**	21%	(62)

The above figures are included in the Tankers segment on page 38 and the Drybulk segment on page 39.

The ship operating activities performed well during the year. The bunker tanker business performed well as did the South African based tanker operating joint venture with a South African partner, Calulo Shipping. Increasing volumes were achieved in the parcel business which continues to operate efficiently under its formula of market linked rates. The handymax and Islands operating businesses continue to develop and grow.

Ship operating activities consist primarily of Unicorn Calulo products tankers, Unicorn Calulo bunker tankers, handymax and the Parcel Service.

The Unicorn joint venture with Calulo Services (Pty) Limited, an empowered South African petrochemical group, consists of two companies, Unicorn Calulo Shipping Services (Pty) Limited, which focuses on tanker shipping on the South African coast and Unicorn Calulo Bunker Services (Pty) Limited, which operates sophisticated bunker tankers in the South African ports under long-term agreements with the South African oil majors. Unicorn Calulo Shipping Services operates chartered-in products tankers on the South African coast for the local oil majors. Unicorn Calulo Bunker Services took delivery of its third bunker tanker for deployment in Durban. This tanker was built in Durban.

During the year the division concluded the acquisition of a Rotterdam based bunker tanker business which has a fleet of four bunker tankers.

The division deploys its bunker tankers in the market on a mix of long and short-term contracts to oil majors either via contracts of affreightment or time charter arrangements from its Rotterdam and South African offices.

The Parcel Service, which combines a large variety of bulk parcels from different customers into single ship loads, has a customer base which includes the world's largest mining companies, grain houses and shipowners. Certain clients have been contract partners for over 30 years. The handymax operating capability concentrates mainly on Pacific trade routes and continues the development of relationships with reliable counterparties.

Divisional reviews – Shipping (continued)

Fleet summary as at December 2010		
Vessel name	**Owned/chartered-in**	**Option to purchase/ extend charter**
Medium-range products tankers		
Hambisa	Chartered-in	Yes
Leopard	Chartered-in	Yes
Helix	Owned	
Torea	Owned	
Oliphant	Owned	
Inyala	Owned	
Lavela (50%)	Owned	
Rhino	Owned	
Chemical tankers		
Pondo	Chartered-in	Yes
Stolt Zulu	Chartered-in	Yes
Basuto	Chartered-in	Yes
Stolt Swazi	Chartered-in	Yes
Small products tankers		
Berg (50%)	Owned	
Breede	Owned	
Kowie	Owned	
Handysize bulk carriers		
IVS Kite	Chartered-in	Yes
IVS Kestrel	Chartered-in	Yes
IVS Kwela	Chartered-in	Yes
IVS Kwaito	Chartered-in	Yes
Bumbi (50%)	Chartered-in	Yes
Lauretta (50%)	Chartered-in	Yes
Paola (50%)	Chartered-in	Yes
IVS Kawana	Chartered-in	Yes
IVS Kittiwake	Chartered-in	Yes
IVS Kingbird	Chartered-in	Yes
IVS Shikra	Chartered-in	Yes
JA Aladdin Rainbow (50%)	Chartered-in	
Lepta Galaxy (handymax bulk carrier)	Chartered-in	
Durban Bulker (50%)	Owned	
IVS Nightjar	Owned	
IVS Kanda	Owned	
Lake Triview (50%)	Owned	
IVS Knot	Owned	
IVS Sentosa	Owned	

Fleet summary as at December 2010		
Vessel name	**Owned/chartered-in**	**Option to purchase/ extend charter**
Panamax bulk carriers		
IVS Pinotage	Chartered-in	Yes
IVS Merlot	Chartered-in	Yes
Capesize bulk carriers		
Mineral Belgium	Chartered-in	
Anangel Innovation	Chartered-in	
IVS Cabernet	Chartered-in	Yes
Total owned fleet	**13**	
Total chartered-in	**22**	
Total fleet	**35**	
Total number of purchase options on chartered fleet	**18,5**	
	Number of ships	
Handysize vessels	16,0	
Panamax vessels	2,0	
Capesize vessels	3,0	
Medium-range products tankers	7,5	
Chemical tankers	4,0	
Small products tankers	2,5	
	35,0	

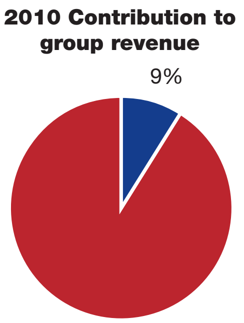
Divisional reviews – Freight Services

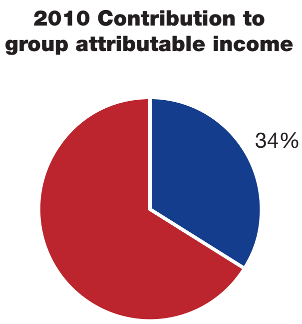
R262 m
Attributable income

34%
Contribution to group attributable income

12
Million tonnes drybulk terminal capacity

Key financial ratios		2010	2009
Margin	(%)	11,1	10,2
Debt:equity ratio		0,3:1	0,08:1
Return on ordinary shareholders' equity	(%)	14,6	13,0
Return on net assets	(%)	18,2	11,0
Number of employees		5 229	3 127





Freight Services comprises the group's investment in infrastructure and logistics businesses. The business has grown significantly over the last few years, primarily as a result of growth in the Ports and Terminals sector. Given the increased size of the operations, the operations have been restructured to allow management to more effectively focus on the execution of the growth strategy through the leadership of two executive directors as follows:

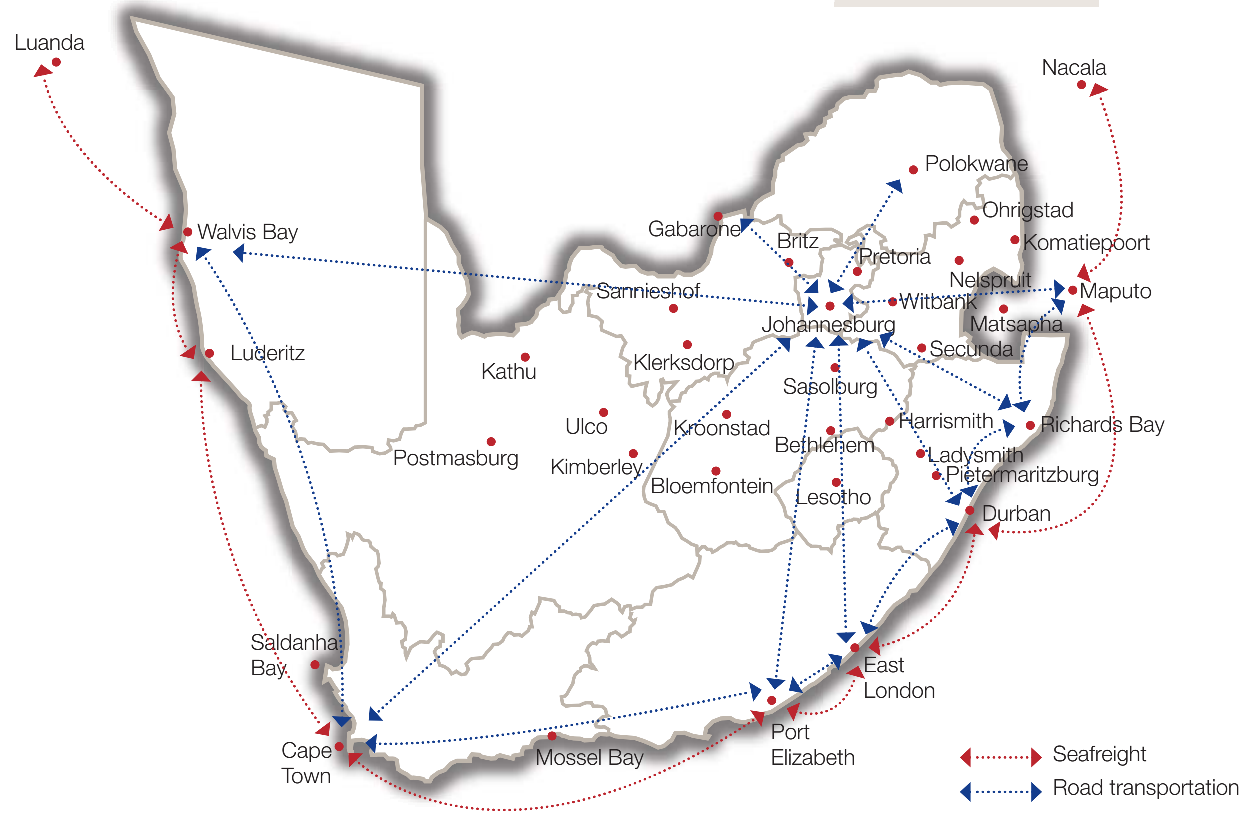
- Grindrod Ports and Terminals, which operations include the ports, terminal, rail, seafreight and property investment operations under the leadership of Dave Rennie; and
- Grindrod Logistics, which operations include the transportation and warehousing, intermodal, clearing and forwarding, ships agency and other customer service operations under the leadership of John Jones.

The division continues to be operated as a single division of the Grindrod group, offering fully integrated logistics service solutions to its customers under a common vision and strategy.

Ports and Terminals
- Ports
- Terminals
- Rail
- Seafreight

Logistics
- Intermodal
- Road transportation
- Clearing and forwarding
- Ships agencies
- Other services

Freight Services' operations are primarily located in southern Africa:



Strategic objectives

- Align supply chain strategy with commodity demand to maximise throughput and revenue through existing terminal assets to achieve a minimum utilisation of 85% of total capacity;
- Expand strategic assets and supply chain capabilities through further investment in infrastructure to extract maximum value for stakeholders;
- Leverage growth opportunities created by the demand for infrastructure and transport investment on the African continent by securing additional concession contracts;
- Restructure and reposition the road transportation operations; and
- Maintain and improve the BEE status of the South African operations.

Operational review

Income statement	**2010 Rm**	2009 Rm	Growth %	Comments
Revenue	**2 643**	2 302	15	Improvement in Logistics mainly from Fuelogic
EBITDA	**479**	387	24	Contractual income recognition
Operating income	**293**	234	25	
Attributable income	**262**	222	18	

For the detailed statutory income statement, see the segmental analysis on page 154.

Statement of financial position	**2010 Rm**	2009 Rm	Growth %
Fixed assets/investments	**2 422**	2 067	17
Current assets	**1 078**	867	24
Total assets	**3 500**	2 934	
Equity	**2 030**	1 918	6
Net debt	**600**	159	277
Other liabilities	**870**	857	2
Total equity and liabilities	**3 500**	2 934	

Freight Services accounted for 34% of the group's earnings, up from 25% in 2009, with attributable income growing by 18% to R262 million in 2010 compared to 2009. This growth was achieved despite a challenging year. The operations were disrupted by a combination of strikes in the rail and transport sectors, delays in the commissioning of increased terminal capacity in Maputo, the lack of rail wagon availability and challenging market conditions in the seafreight and road transportation sectors. The effect of this was partially offset by the recognition of contractual earnings and increasing volumes in the Maputo port, a strong performance by the Intermodal business and the acquisition of Fuelogic.

Despite the challenges experienced, the business delivered on a number of key objectives which has positioned it to take advantage of growth opportunities in the future, the highlights of which include:

- The extension of the Maputo Port Concession term to 2033 (previously 2018) with a further ten-year option. This provides a platform for further investment in the expansion of the port of Maputo;
- Dredging of the port of Maputo from its previous draft of 9,4 metres to 11 metres to allow for the receipt and loading of panamax vessels which increased the competitiveness of the port;
- Extension of the Maputo coal terminal sub-concession term to 2043 with a further renewal option. Additional land (1,2 million square metres in total) has also been secured to allow for the future expansion of the terminal to cater for export demand with potential capacity increasing to as much as 25 million tonnes per annum;
- Conclusion of a joint venture agreement with Hutchison Port Holdings, the International Finance Corporation and Abu Dhabi Source (an Abu Dhabi-based sovereign wealth fund). This resulted in the establishment of Baobab Investments, a company focused on the development of transportation infrastructure in Africa and the Middle East;
- Acquisition of Fuelogic (Proprietary) Limited (Fuelogic), a South African based petrochemical road transportation service provider and the integration of the existing petrochemical transportation operations into this business;
- Further expansion of rail operations following re-entry into the rail sector in early 2009;
- Joint initiatives with Transnet to improve efficiencies on the Maputo and Richards Bay rail freight corridors, to cater for the route-to-market requirements of junior miners and to increase dedicated rolling stock to service these corridors; and
- The Level 3 B-BBEE contributor status has been maintained for the majority of the South African operations, which are conducted through Grindrod (South Africa) (Proprietary) Limited (GSA). GSA won the coveted award for the KwaZulu-Natal BEE Deal/Project of the Year at the annual Alec Rogoff Broad-based Black Economic Empowerment awards.

The following challenges continue to face the division:

- Restricted availability of rail resources to service drybulk terminal volumes;
- Industrial action and labour market volatility;
- Commodity market conditions;
- Low shipping container volumes and freight rates; and
- Stronger average Rand/US Dollar exchange rate.

Ports and Terminals

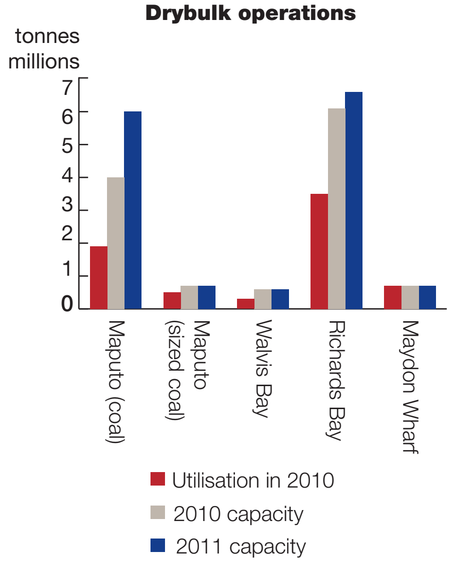
Income statement	2010 Rm	2009 Rm	Growth %	Comments
Revenue	**700**	801	(13)	Decrease in terminal operations volumes
EBITDA	**270**	237	14	Contractual income recognition
Operating income	**202**	174	16	
Attributable income	**246**	214	15	
Operating margin (%)	**29**	22	33	

Ports and Terminals comprise the group's investments in ports, terminals, rail, seafreight and head office operations.

The group's investment in port concessions remains at an effective 24,7% shareholding in the Maputo Port Development Company (MPDC), in partnership with DP World (24,7%), the Government of Mozambique (49%) and local partners (1,6%). MPDC has the concession to develop and operate the port of Maputo in Mozambique.

The group's terminal operations are centred on the handling of drybulk, liquid bulk, automobiles and containers.

Drybulk operations



Drybulk terminal operations are conducted in the ports of Walvis Bay, Durban, Richards Bay and Maputo. Key customers include mining houses and traders. The ability of the terminals to operate at full capacity is largely dependent on the railway infrastructure and rolling stock capacity. Total drybulk terminal capacity was 12 million tonnes at 31 December 2010. This will increase to 14,5 million tonnes by mid 2011.

Terminals include:

Maputo (Mozambique)

The coal and magnetite terminal annual capacity was successfully expanded from 4 million to 6 million tonnes per annum, with project completion having been achieved in early February 2011. Future plans include the potential expansion of the terminal to an annual capacity of up to 25 million tonnes. A separate sized coal terminal, with a capacity of 900 000 tonnes per annum, is operated with the potential to expand its capacity to 1,5 million tonnes per annum.

Richards Bay

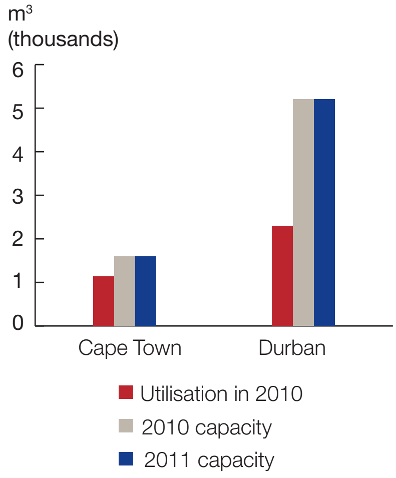
The terminal, which is spread over four sites, three of which are conveyor belt connected to Transnet port terminals infrastructure, have a combined capacity of 6,1 million tonnes per annum. An additional 0,5 million tonnes of capacity is due to be commissioned in 2011. The potential exists to significantly increase coal exports through new developments.

Maydon Wharf (Durban)

The terminal mainly handles fertiliser, containers, steel, project cargo, bagged cargo as well as other bulk and break bulk cargo. It has capacity for 700 000 tonnes of drybulk cargo and 30 000 twenty foot equivalent units (TEU) per annum.

Walvis Bay (Namibia)
The terminal mainly handles drybulk commodities and has a capacity of 550 000 tonnes per annum.

Liquid bulk operations



Liquid bulk terminal operations are conducted in the ports of Durban (molasses) and Cape Town (vegetable oils) with the terminals having a total annual throughput capacity of 340 000 m^3. Investigations are being conducted to expand terminal capacity in both operations by a combined 105 000 m^3. This would also result in the Durban terminals being modified to cater for the handling of alternative bulk liquid cargoes to those handled. In addition to the tank terminal facilities, the operations also provide road based transportation of the commodities handled through the facility.

The Maputo car terminal, owned and operated in partnership with Höegh Autoliners (30%), has an annual throughput capacity of 52 000 cars. The terminal is ideally situated as a complementary port to the South African ports for the import and export of vehicles delivering to, or manufactured in Gauteng. It is planned to expand terminal capacity to 167 000 vehicles per annum during 2011.

During the year, R202 million was invested in the further expansion of terminal capacities (2009: R258 million). A summary of the current terminal capacities, including expected increases in capacity from capital projects approved for development, are presented in the table below:

Terminals	Utilisation in 2010	Current capacity	Planned capacity 2011
Drybulk (tonnes)	**6 917 577**	12 250 000	14 750 000
Maputo coal terminal	**1 941 165**	4 000 000	6 000 000
Richards Bay	**3 518 112**	6 100 000	6 600 000
Maydon Wharf (Durban)	**678 667**	700 000	700 000
Walvis Bay (Namibia)	**304 005**	550 000	550 000
Maputo sized coal	**475 628**	900 000	900 000
Liquid bulk (m^3)	**171 340**	340 000	340 000
Durban	**114 675**	260 000	260 000
Cape Town	**56 665**	80 000	80 000
Automotive (number of vehicles)			
Maputo	**18 298**	52 000	167 000

Grindrod conducts its rail operations through the 50% held joint venture companies RRL Grindrod and RRL Grindrod Locomotives, in partnership with its BEE partner Solethu Investments (Pty) Limited. A full range of rail services, including locomotive and wagon construction, rehabilitation and maintenance to locomotive leasing and rail operations. The business is well placed to further expand through the existing base, public-private-partnerships and concession opportunities.

Seafreight comprises the group's 49% investment in Ocean Africa Container Lines (Pty) Limited (OACL), in partnership with Safmarine, which is accounted for as an associate. OACL operates a container liner service in the southern African region between Nacala in the east and Luanda in the west. Volumes handled declined by 27% to 104 904 TEU due to declining feeder volumes as a result of changing shipping patterns with margins coming under pressure as freight rates declined. To mitigate the impact of reduced volumes, management negotiated lower charter rates on vessels, reduced fleet, improved scheduling integrity and general operational efficiencies. The business will need continued tight control to succeed in this volatile business environment.

Logistics

Income statement	2010 Rm	2009 Rm	Growth %	Comment
Revenue	**1 943**	1 501	29	Acquisition of Fuelogic
EBITDA	**209**	150	40	
Operating income	**91**	60	51	
Attributable income	**16**	8	100	
Operating margin (%)	**5**	4	25	

The Logistics division comprises the group's investments in transportation, warehousing, intermodal, clearing and forwarding, ships agency and other customer service operations. The target market comprises customers, original equipment manufacturers (OEMs), shipping lines, importers and exporters.

The intermodal operations comprise the group's container freight logistics operations. Services range from the provision of depot facilities for the storage, handling and repair of general purpose, refrigerated and tank containers, warehousing services for cargo that is moved via containers, the road and rail transport of containers and container sales and leasing. Trading improved in 2010 on the back of an increase in container traffic through South African ports. The development of a multipurpose facility for the handling and storage of containerised cargo in Durban was commissioned. Plans are in progress for the consolidation of two sites in Johannesburg onto a newly constructed multipurpose facility.

The road transportation operations are focused on the movement of drybulk, liquid bulk and automobiles and also include the group's heavy lift logistics and engineering capabilities. The operations continued to face tough market conditions. The business has been further restructured and rationalised and as a result incurred restructure costs and write-offs. It is now well poised to take advantage of the projected continuing recovery in this sector. The transport operations were further expanded on the conclusion of the acquisition of Fuelogic during the second quarter of 2010.

The clearing and forwarding operations, conducted through the 50% joint venture company Röhlig-Grindrod, showed a strong improvement in profitability following on from the depressed market conditions that persisted during 2009.

Ships Agencies provides both the local and international market with a full economical and efficient service in the shipment of bulk and breakbulk cargo (liquid and dry) including ships husbandry along the South African coast. It was a challenging year for Ships Agencies, added to by the strong Rand/US Dollar exchange rate. The businesses operate under the following brands:

- Eyethu Ships Agencies;
- King and Sons – liner;
- King and Sons – non-liner;
- Mitchell Cotts Maritime; and
- Voigt Shipping.

Capital expenditure and commitments

Capital expenditure amounted to R353 million for the year (2009: R345 million), with the largest items being the expansion of the coal terminal at Maputo and the acquisition of Fuelogic.

Freight Services will continue to seek growth opportunities through development of in-house projects and through acquisitions where appropriate. Although there is continued focus on the growth of the domestic operations, attention is being paid to opportunities elsewhere in Africa. Certain of the larger new projects being pursued outside of South Africa will be undertaken in conjunction with strategic partners in order to diversify project, political or funding risks.

Future capital expenditure of R395 million has already been approved, of which R106 million has already been committed. A further R465 million is planned to be spent in 2011 on funding the large infrastructure projects.

Major individual capital projects, some in conjunction with partners, which have been budgeted for, include:

- Consolidation of the intermodal operations in Johannesburg onto an owned site through the construction of warehousing and container storage facilities for R162 million
- Construction of warehousing and container storage facilities in Maputo (through a joint venture) for R55 million;
- Development of the car terminal in Maputo to expand its throughput capacity from 52 000 to 167 000 vehicles per annum for R120 million;
- Locomotive and rolling stock investments for various projects totalling in excess of R200 million; and
- Property developments within South Africa on sites occupied by core operations to enhance facilities or provide for expansion of handling capacities amounting to over R130 million.

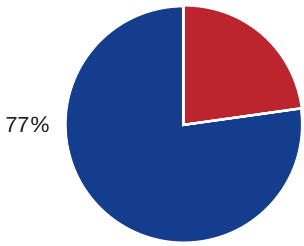
Capital expenditure amounted to R353 million for the year, with the largest items being the expansion of the coal terminal at Maputo and the acquisition of Fuelogic.

R120 m
Attributable income

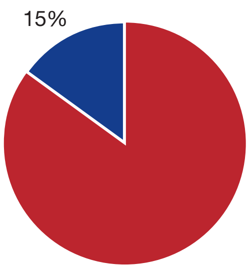
15%
Contribution to group attributable income

8
Million tonnes traded

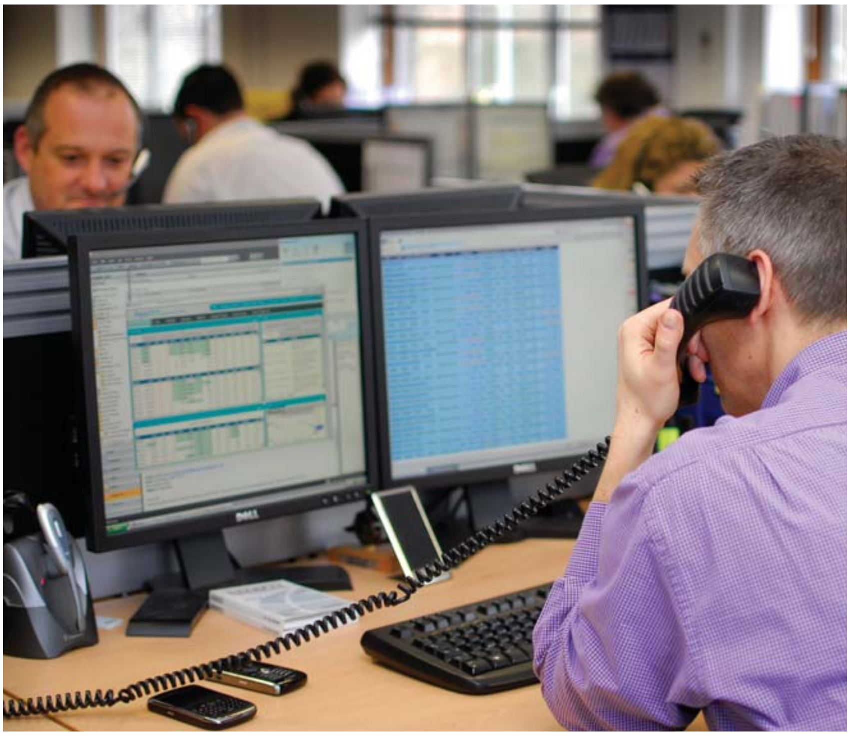
2010 Contribution to group revenue



2010 Contribution to group attributable income



Key financial ratios		2010	2009
Margin	(%)	0,8	1,2
Debt:equity ratio		0,91:1	0,57:1
Return on ordinary shareholders' equity	(%)	19,6	24,0
Return on net assets	(%)	12,4	23,0
Number of employees		369	156



The division aims to facilitate the marketing, efficient distribution and financing of a wide variety of commodities traded globally.

ATLAS
Agricultural commodities
- Maize
- Wheat
- Soya beans
- Soya bean meal
- Rice

OREPORT
Industrial raw materials
- Ores
- Ferroalloys
- Stainless steel
- Iron and steel products
- Coal and metallurgical coke

COCKETT
Marine fuels
- Marine fuel oil
- Diesel oil
- Marine lubricants

The division prides itself on developing lasting customer and supplier relationships, providing an enhanced service offering that includes commodity trading, logistics management, export/import documentation and financing activities. A key success factor is the ability to leverage logistics operations off the Grindrod group which provides customers and suppliers with efficiencies and a one-stop service. Complementary business practices across various commodities and geographical locations allow the division to develop synergies to further enhance customer service. The division has a wide target market that includes intermediary and end users of agricultural commodities, industrial raw materials and marine oil and lubricants.

Strategic objectives

- Improve operating margin per tonne
  - extend participation in the supply chain
  - increase volume of high margin products
- Maintain and develop relationships
  - key suppliers
  - key customers
  - key service providers
  - joint venture partnerships
  - financial institutions
- Leverage intra-group relationships and assets
  - Shipping
  - Freight Services
  - Financial Services
- Source and invest in strategic supply chain projects
  - expand product range
  - expand geographical presence
  - develop new markets
  - grow volumes

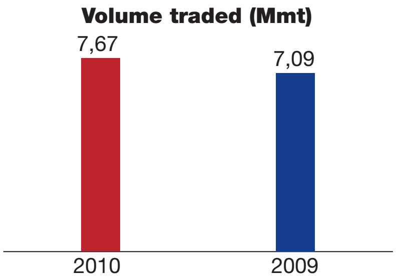
Operational review

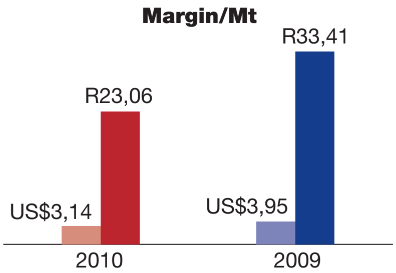
Trading tonnage increased from 7,09 million metric tonnes in 2009 to 7,67 million metric tonnes in 2010, representing an 8,18% increase in volumes over the period. Operating margin per tonne declined from US$3,95 (R33,41) to US$3,14 (R23,06) in 2010. Exchange rate movements impacted profits negatively during the period. The average trading value of the Rand strengthened 13,2% against the US Dollar.

Income statement	2010 Rm	2009 Rm	Growth %	Comments
Revenue	**23 101**	20 335	14	Volume growth
EBITDA	**188**	256	(27)	New business development costs and foreign exchange rates negatively impacted profits
Operating income	**177**	249	(29)	
Attributable income	**120**	181	(34)	

For the detailed statutory income statement, see the segmental analysis on page 154.

Statement of financial position	2010 Rm	2009 Rm	Growth %
Fixed assets/investments	**511**	446	15
Current assets	**2 334**	2 089	12
Total assets	**2 845**	2 535	
Equity	**715**	683	5
Net debt	**647**	387	67
Other liabilities	**1 483**	1 465	1
Total equity and liabilities	**2 845**	2 535	





The Trading division has seen a solid increase in revenue, primarily due to increased commodity prices and the expansion of trade into new markets and commodities. Significant restructuring and strategic investment costs, however, have reduced both operating profit and net profit. It is expected that this will turn around in 2011 complemented by certain strategic investments coming to fruition.

Volumes are expected to grow through new products such as bunker oil supply, coal, sugar and rice as well as the further development of new markets such as Asia and sub-Saharan Africa.

Strategic alliances and acquisitions have been a key success factor in the current financial year, the benefits of which will serve the division extremely well in 2011 and beyond. These include:

- Initiated the London Queens Channel crude bunker oil physical supply project during 2010. This project was successfully implemented in difficult market conditions and is set to enhance divisional returns going forward;
- The acquisition of a bunker trading business was successfully negotiated during the year;
- The acquisition of a coal company based in the United Kingdom has served to further develop the coal trading desk;
- Acquired an equity share in a stainless steel manufacturing company to provide an integrated stainless steel marketing solution; and
- Development of chrome projects in South Africa.

The division was successful in the acquisition and retention of key human resources during 2010 and new offices and markets were established in:

- Australia;
- Brazil;
- China;
- United Kingdom;
- Singapore; and
- sub-Saharan Africa.

The division identified that the supply chain participation strategy designed to further embed operations into the supply chain of commodity marketing, goes hand in hand with leveraging operations off the Grindrod group asset base and strategic relationships. This approach has been implemented with sound success in 2010 and will continue to do so into the future.

Trading continues to face the following challenges/risks:

- Credit and counterparty risk;
- Foreign exchange risk;
- Price risk – higher commodity prices result in increased utilisation of banking facilities;
- Commodity market volatility;
- Competition; and
- Human resources.

A number of steps have been taken to mitigate these risks. Hedging commodity price risk and foreign exchange rate risk is standard practice, while credit and counterparty risk is mitigated through credit risk guarantee and management's continual diligence in assessing counterparties. Lasting customer and supplier relationships help to ensure stability during market volatility.

The division has strived to develop a positive team spirit and a favourable working environment in order to retain experienced traders.

Agricultural commodities
Atlas Trading is a bulk agricultural trading division that participates at key points in the trading pipeline and includes product origination, shipping and logistics. Atlas prides itself on being a focused and flexible business partner with a sound reputation.

Presently Atlas is ranked as one of the larger players in the agricultural imported commodity supply industry in South Africa.

The vision of Atlas is to be a respected partner of choice providing end-to-end solutions in the global agricultural commodity sector. Its mission is to deliver value through targeted strategic partnerships with agri-related companies in emerging markets.

Atlas' network of offices and established relationships provide innovative, efficient, integrated and holistic solutions to its customers' agricultural raw material requirements, sourcing and supplying products globally. This includes distribution channel management, market intelligence and pricing strategies.

Wheat, corn, soya bean meal and other agricultural commodities are marketed in bulk to international third party customers. These commodities are purchased worldwide with primary destinations in Africa, South America and the eastern Mediterranean with delivery by chartered bulk vessels.

Atlas trades using various models including back-to-back contracting, selling from stock, financing farmers to gain guaranteed offtake, contracting with suppliers and customers for the medium term, financing strategic customers with extended credit terms and profit-sharing arrangements.

Marine fuels
The Cockett group was established in 1979 and has grown to be one of the largest value added resellers and physical marine fuel suppliers in the world. The group has developed an international network of offices to deliver a global service to its clients. In addition, Cockett is currently developing a network of physical supply operations in strategic locations with a presence of offices in the Australia, United Kingdom, Singapore, South Africa, France, South Korea, Brazil and China. Cockett has an excellent reputation in the marine fuel sector supported by a highly experienced and motivated trading team with dedicated in-house technical support.

The group currently supplies approximately five million tonnes of marine fuels per annum. Clients are therefore able to directly benefit from its considerable purchasing power and knowledge of a highly fragmented bunker market.

Cockett Marine will help a company achieve broad market access, meaningful economies of scale with higher availability of products and services while minimising the exposure to fuel volume, delivery, price and quality risks.

Atlas Trading is a bulk agricultural trading division that participates at key points in the trading pipeline and includes product origination, shipping and logistics.

Industrial raw materials

Oreport is an international marketing organisation specialising in the worldwide procurement, physical movement and distribution of industrial raw materials. Oreport provides a complete managed solution from the materials point of origin through to delivery to the final purchaser and collection of payment.

Oreport's product portfolio includes steel, stainless steel, chrome and manganese ores, bulk ferroalloys, coal, coke, anthracite, pig iron, mill rolls and other speciality products.

In addition, investments in both upstream and downstream operations in the raw materials sector have further strengthened the strategic base of the company.

By incorporating all the elements of services offered, from marketing to logistics through to final payment, customers receive a complete service managing the chain of events from the origin of the materials through to their final use.

While being truly South African, Oreport's business network has extended to local and international markets that offer the right products at the right price, whilst ensuring a high level of service is maintained.

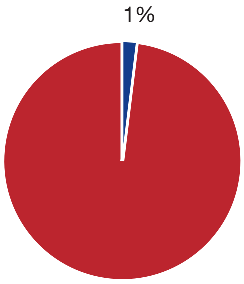
Divisional reviews – Financial Services

R45 m
Attributable income

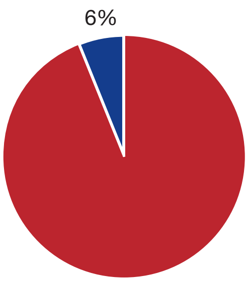
6%
Contribution to group attributable income

15%
Increase in deposits

2010 Contribution to group revenue



2010 Contribution to group attributable income



Key financial ratios		2010	2009
Return on ordinary shareholders' equity	(%)	**14,9**	12,0
Capital adequacy ratio	(%)	**13,25**	14,2
Number of employees		**88**	72

Grindrod Bank is a registered financial services provider, regulated by the South African Reserve Bank and is an Authorised Financial Services and Credit Provider (NCRCP25). Established in 1994, the Bank has matured into a competitive niche bank, with a particularly strong reputation in property finance and wealth management.

The Bank is a 100% South African based operation and it continues to acquire strong intellectual capital as it expands its operations in Durban, Cape Town and Johannesburg. The target market includes small to medium-size corporate investors, on the banking side, with high net worth individuals, non-governmental organisations (NGOs) and institutions predominating the client base of the Asset Management business. A growing number of intermediaries interact with the Collective Investment Scheme (CIS) and Retail offerings, as they take these products to market on the bank's behalf.

- **Asset Management**
  - Private Clients
  - Institutional Fund Management
  - Investment Products
- **Corporate Finance**
  - Mergers and Acquisitions
  - JSE Sponsor
  - AltX Designated Advisors
- **Corporate Banking**
  - Property Solutions
  - Trade Finance
  - Invoice Discounting
- **Treasury**
  - Bank Deposits
  - Derivative Broking
- **Retail**
  - Card Based Payments

Strategic objectives

To be a fast moving medium-size bank with a credit rating and status that attracts stable funding and generates an above average return on capital through a mix of innovative investment banking and retail offerings.

- Grow the stable funding base
- Maintain a focused, secure lending book
- Grow the Asset Management business
- Expand the Investment Banking operation through both traditional and property private equity initiatives and the launch of a mezzanine debt fund
- Focus on efficient and growing banking interest income
- Maintain the generation of annuity income through:
  - Asset Management
  - Investment Products
  - Retail fees
  - Treasury management
  - Advisory services
- Maintain the cost structure at a 50% cost to income ratio

Operational review

Income statement	2010 Rm	2009 Rm	Growth %	Comments
Revenue	**193**	136	42	Increase due to property related fee income earned
EBITDA	**90**	54	67	
Operating income	**89**	52	71	Overheads included increased staffing costs
Attributable income	**45**	36	25	

For the detailed statutory income statement, see the segmental analysis on page 154.

Statement of financial position	2010 Rm	2009 Rm	Growth %
Fixed assets/investments	**62**	111	(44)
Bank loans, advances and liquid assets	**1 839**	1 571	17
Current assets	**3**	82	(96)
Net cash including debt	**615**	388	59
Total assets	**2 519**	2 152	
Equity	**399**	333	20
Bank deposits	**2 016**	1 770	14
Other liabilities	**104**	49	112
Total equity and liabilities	**2 519**	2 152	

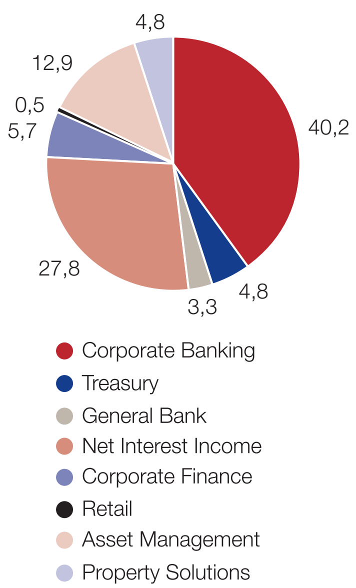
Consolidated Bank profits grew 25% year on year, largely attributable to strong fee income from Corporate lending activities. Deposit growth of 15% to R2 billion, was achieved through establishing a marketing presence in Gauteng and Cape Town, extending the reach of the Bank and creating the infrastructure to provide clients with a personalised service.

Advances continue to be managed with a strong focus on good credit management, emphasising the need for sound underlying security and serviceability of loans. This approach has enabled Grindrod Bank to avoid the requirement for increased impairment charges over the past few years. As a consequence of the economic crisis and resultant restrictions on credit being made available in the market, the Financial Services division of the group was able to take advantage of some attractive mezzanine property finance opportunities with significant value in the underlying assets.

Fee income grew substantially in 2010 and there was further expansion, particularly in the Asset Management business and Corporate Finance capabilities.

Costs were well maintained and the 50% cost to income target was achieved. Additional highlights for the year include the decision to establish Grindrod Collective Investments (Pty) Limited to facilitate unit trust fund activities and the launch of the Irish regulated Grindrod International Property Fund.

Revenue contributions from divisions (%)



The Bank remains well funded, strongly supported by a stable and growing deposit base. Consistently competitive money market rates have contributed to record high deposit levels for Treasury.

The ongoing conservative approach to credit and liquidity management has also resulted in negligible bad debts for the Bank. It achieved its aims of growing the lending book, while maintaining a capital adequacy ratio well above the regulatory requirement. The comfortable liquidity surplus, generated from increased deposit levels, will continue to allow the Bank to seek well priced lending.

The Bank has maintained its Investment Grade rating and grown its levels of assets under management by 28%.

The following challenges continue to present themselves:

- Interest margins are expected to remain under pressure
- Continued global credit concerns
- Continued pressure on the domestic banking sector
- An uncertain investor environment

The Bank will look to continue its expansion through leveraging off its balance sheet and strong intellectual capital base, as it furthers its operations in Durban, Cape Town and Johannesburg.

Corporate Banking

The specialist lending division focuses primarily on the commercial and industrial property sectors and offers a range of flexible financial packages. These include corporate lending, specialised property solutions, trade finance and invoice discounting. Deals are evaluated and tailored on a case-by-case basis. The strategy is to increase the lending activities in all asset classes but particularly those with higher net margins.

The year-end deposits closed at R2 billion against a budget of R1,8 billion. In order to fund the 2011 growth, management will be looking to renew and increase the existing secured funding lines from established banking partners.

Despite pressure on deposit rates the budgeted net interest income was exceeded. However, with margin contraction likely to continue to be a feature of 2011, the division is focusing on the pricing of loans at appropriate levels to ensure margin erosion is minimised.

Corporate Banking earned significant fees and experienced no bad debts which was exceptional in this environment. Good credit remains a cornerstone of the lending business.

Property solutions

This division achieved its fee target as well as interest margin for the year and is well positioned for 2011 with no loans showing anticipated risks of default.

Banks have selectively started to re-enter the property finance market and this has had a negative impact on pricing as margins have become tighter and the ability to optimise fees is becoming more difficult.

It is anticipated that a number of the mezzanine loans will be repaid during the course of the year and as a consequence the division has embarked on a drive to attract new lending as well as continuing efforts to fund lucrative mezzanine lending opportunities. A strong pipeline of new business exists which should enable the 2011 targets to be achieved.

The group has allocated capital for the purpose of expanding the property private equity activities of the division.

Asset Management

The investment management activities of the Bank are housed in Grindrod Asset Management (GAM). This comprises three main areas of activity: Private Clients, Institutional Fund Management and Investment Products. Assets under management as at 31 December 2010 were R4,6 billion, a 28% increase for the year.

Private clients

Private clients achieved its budget for the year with the performance of its managed portfolios once again beating their various benchmarks.

Institutional Fund Management

GAM was appointed manager of Nedgroup's South African listed property collective investment scheme (unit trust) in terms of Nedgroup's "best of breed" approach. This prestigious mandate was the first institutional mandate won by GAM. The fund was launched on 1 August 2010 and as at 31 December 2010 assets under management in this scheme stood at R81 million.

Investment Products

The Investment Products division manages two unit trust funds, the Grindrod Diversified Preference Share Fund (GDPSF) and the Grindrod Global Property Income Fund (GGPIF), as well as the Grindrod Investments Trust (GIT).

Both CIS funds have performed well with the GDPSF placed third out of 49 funds in its category over 12 months (13,9%) and second over 24 months (14,8%), while the GGPIF, which launched in May 2009, is the top performing fund in its category over 12 months (13,2%).

In response to investor demand, GAM launched the Grindrod International Property Fund (GIPF), a US Dollar denominated "mirror" fund to the existing Rand denominated GGPIF. This fund aims to attract South African and other investors who already have monies in foreign jurisdictions.

The division intends to continue its positive growth trend with the addition of new products during the course of 2011.

Retail
With its inclusion in the National Payments System (PASA, MasterCard and BankServAfrica), the retail division offers card-based payment solutions to the South African wage earning population. There are a number of projects which are being pursued to roll out our capabilities in the Retail Card Payment division to a wider market.

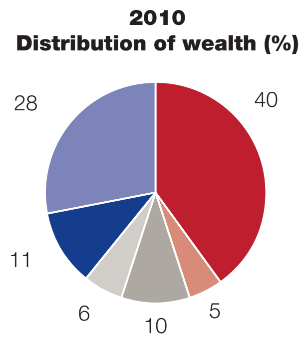
Corporate Finance
The Corporate Finance division grew its client base significantly and continues to act as the sole southern African representative of M&A International (MAI), using this global network of specialists to advise mid-market companies on cross-border acquisition and disposal opportunities.

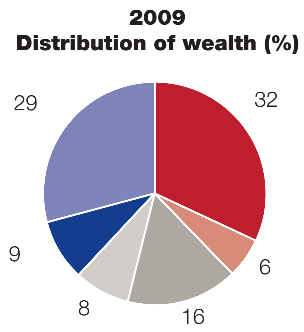
The year ended with 13 sponsor/designated advisor clients. Some notable transactions were concluded in the last quarter and the division also successfully concluded its first cross border transaction through the MAI alliance.

Treasury
Treasury supports a variety of the Bank's functions and products. As well as facilitating deposit growth and administration, it runs a varied derivatives operation, which accesses broking instruments such as index futures and options, single stock futures, bonds, interest rate swaps, forward rate agreements (FRAs) and foreign exchange futures.

Sustainability review

Index to sustainability reporting





- Employees' remuneration and service benefits
- Taxation on income
- Providers of share capital
- Providers of loan capital
- Depreciation
- Accumulated profit

The sustainability review covers Grindrod's environmental, social and governance (ESG) policies, practices and performance for the financial year ending 31 December 2010 and covers all group company activities around the world, including impacts on communities and the environment.

In line with the King Code and Report on Governance for South Africa (King III) which calls for greater integration of considerations into financial management and reporting, Grindrod views sustainability holistically and has started the process of introducing key performance indicators (KPIs) which integrate financial and non-financial indicators. In addition, greater emphasis on non-financial performance can be found in the divisional reviews.

Further improvements were made in the measurement and reporting of sustainability KPI across the ESG spectrum in the year in review. Where possible/applicable year-on-year trend data has been given, new sustainability KPI have been introduced and data has been normalised and integrated with financial information.

Besides King III, Grindrod's sustainability reporting has also been shaped by:

- The international greenhouse gas (GHG) Protocol. The company's climate change reporting strategy and by implication the reporting of other environmental KPI, has been guided by this protocol. Details of the rationale and implications of the change from an equity share approach to an operational control approach for the reporting of Grindrod's climate change footprint, are outlined in the Environmental Performance report on page 107.
- The Global Reporting Initiative's (GRI) G3 guidelines. Grindrod has used the measures advocated by the GRI in most of its sustainability KPI. A GRI index page is set out on pages 124 to 128. As can be seen from this index Grindrod's reporting on many sustainability indicators is covered in other parts of the Annual Report.
- The international Social Responsibility Standard ISO 26000. Grindrod has attempted to cover, in its reporting, the seven core aspects of good corporate social responsibility as outlined by this standard (see diagram on next page).

Corporate Social Responsibility as defined by ISO 26000

Figures denote corresponding clause numbers in ISO 26000.

For the first time this year, Grindrod made use of the services of an independent verification agency to provide assurance around sustainability reporting. A limited assurance process was completed by Deloitte which is set out on page 92. Detailed findings will be acted on by the group environmental and climate change committee to drive further improvement in the accuracy and completeness of sustainability monitoring and reporting and in particular the environmental sustainability monitoring and reporting.

Sustainability performance highlights for the year included:

- Re-admission to the JSE Socially Responsible Investment (SRI) Index. Grindrod has been part of this index since 2005;
- The development and board approval of a new Grindrod group environmental and climate change policy. The policy includes new quantifiable objectives and targets in a number of areas, improved integration of environmental key performance indicators (KPI) into core business management and enhanced focus on climate change mitigation;
- The functioning, for the first full year since its formation last year, of the group environmental and climate change committee, which reports to the chief executive officer and overseeing the implementation of the above policy;
- Further progress with the company's Broad-based Black Economic Empowerment (B-BBEE) strategy and was awarded the KwaZulu-Natal Best BEE Deal/Project of the Year in 2010;
- Significant progress with ISO 14001 environmental management system (EMS) roll-out. Unicorn Shipping received certification in 2010 (seven vessels and land based operations) and more than 30 sites within Freight Services are on track to receive certification in 2011;
- Progress with the development of a long-term climate change strategy. Freight Services have developed an action strategy and the same will be developed for other divisions in 2011;
- Grindrod's participation in the global carbon disclosure project (CDP) for the first time in 2010 and will do so again in 2011; and
- Review and consolidation of governance policies.

Corporate governance

Introduction

The Grindrod group has enhanced its good corporate governance standards and continues to review and implement current and emerging trends both locally and internationally.

The board subscribes to the principles and code of conduct incorporated in King III and the JSE Limited (JSE) Listings Requirements and an apply or explain approach has been initiated in this report.

A King III reference table is included on pages 74 and 75 which records Grindrod's current status in relation to the new governance code. The board is mindful of the limitations of this approach to achieving the goal of a fully integrated basis of reporting.

Grindrod is committed to the integrated principles of King III and acknowledges the journey towards an appropriate standard of reporting. Plans are in place to develop an integrated strategy to achieve this objective.

Although the implementation of the Companies Act 71 of 2008 has been delayed until 1 April 2011, the group has already considered the effect of changes resulting from the new Act and will incorporate such changes into its corporate governance framework.

Board of directors

The Grindrod board comprised 13 directors at 31 December 2010. Of this complement, seven are non-executive of which five are considered independent. Details of the non-executive and executive directors and their diversity of skills and commercial experience are detailed on pages 14 to 17 of this report.

The role of the board is regulated in a formal board charter which defines matters reserved for board approval. The responsibilities of the board are set out in the charter and the board is required to annually review its operations against the charter framework. The charter is available on the group's website.

The quorum for board meetings is eight directors, however, with meetings planned well in advance, full attendance is expected. The board meets a minimum of four times a year and additional meetings are held when considered necessary. In assuming ultimate responsibility for effective control and leadership of the group, the board takes responsibility for the following:

- Compliance with all relevant laws, regulations and codes of business practice;
- Definition of levels of materiality, reserving specific powers to itself and delegating other matters to executive management in terms of a limits of authority framework;
- Giving direction on all strategic matters and annually approves the group business plan;
- Monitoring the implementation of the business plan by management;
- Reviewing performance of the various board committees established to assist in the discharge of its duties;
- Monitoring key risk and performance areas of the group and identifies non-financial issues relevant to the group;
- Determining the policy and models applied to ensure the integrity of:
  - risk management and internal controls;
  - director selection, orientation and evaluation;
  - executive and general remuneration;
  - external and internal communications; and
  - ensures there is appropriate succession planning at senior management level.

The role and function of chairman and chief executive officer are separate in the Grindrod group. The chairman, IAJ Clark is a non-executive director, but is not considered independent due to his shareholding and unexercised share options which were awarded during his term as chief executive officer. The board is of the view that his shipping and logistics experience and overall business skills overwhelmingly outweigh his perceived lack of independence.

The board has not formally appointed a lead independent director.

The board is supplied with all relevant information and has unrestricted access to all group information, records, documents and property, which enables directors to adequately discharge their responsibilities. Information needs are well defined and non-executive directors have full access to management and the company secretary.

An induction programme is in place for new directors, which includes an induction book, consultation with each divisional executive and site visits. The cost of attending appropriate external training courses is paid by the company.

At each annual general meeting at least one-third of the directors retire by rotation from the board. These retiring directors may offer themselves for re-election. Executive directors retire from the board at 60 or 63 years of age depending on their contracts, whilst non-executive directors retire at the annual general meeting following their 70th birthday.

The boards of directors of major local and offshore operating subsidiaries comprise executive directors and senior management. The boards of major offshore operating subsidiaries and Grindrod Bank Limited include independent non-executive directors.

The Grindrod executive committee is responsible for the operational and strategic management of the group. This team is led by the chief executive officer.

Board attendance

The Grindrod Limited board met five times during the year, with a special strategic meeting held on 18 May 2010 and attendance was as follows:

	17 Feb 2010	18 May 2010	19 May 2010	18 Aug 2010	17 Nov 2010
IAJ Clark (chairman)	✓	✓	✓	✓	✓
AK Olivier	✓	✓	✓	✓	✓
H Adams	✗	✓	✓	✓	✓
MR Faku	✓	✓	✓	✓	✓
WD Geach	✓	✓	✓	✓	✓
IM Groves	✓	✓	✓	✓	✓
MJ Hankinson	✓	✓	✓	✓	✗
JG Jones	✓	✓	✓	✓	✓
TJT McClure (retired 31 July 2010)	✓	✓	✓	n/a	n/a
RA Norton (retired 19 May 2010)	✓	✓	✓	n/a	n/a
DA Polkinghorne	✓	✓	✓	✓	✓
DA Rennie	✓	✓	✓	✓	✓
AF Stewart	✓	✓	✓	✓	✓
LR Stuart-Hill	✓	✓	✓	✓	✓
SDM Zungu	✓	✓	✓	✓	✗

Board governance

The board is the focal point and custodian of corporate governance in the group. In fulfilling its duties, the board annually elects a chairman at its meeting in August.

Insider trading

In line with best practice and JSE Listings Requirements, no group director or employee who has price sensitive inside information on the group may deal directly or indirectly in Grindrod securities.

Directors and all group employees are not permitted to deal directly or indirectly in the shares of the company during:

- The period from the end of the interim and annual reporting periods to the announcement of the interim and annual results; or
- Any period when they are aware of any negotiations or details which may affect the share price; or
- The time declared as a prohibited period in terms of the JSE Listings Requirements.

The company secretary communicates on a regular basis with the board on the status of dealing in the company's shares.

Directors are required to notify the company secretary in writing immediately following any transaction involving the company's shares. The trades are timeously disclosed to the JSE and are tabled at the following board meeting.

Succession planning/performance evaluations

The remuneration/nomination committee annually reviews the board's performance, structure, size and composition and makes recommendations to the board on succession, training and replacement of both members of the board and executive management.

Individual performance evaluations are conducted by the chairman in respect of the non-executive directors. The chief executive officer is not a member of the committee but attends meetings to provide feedback on individual performances of members of the executive and other relevant information.

Directors' independence

In line with best practice, more than half the non-executive directors are independent. The remuneration/nomination committee reviewed the composition of the board and particularly the composition of non-executive directors and concluded that H Adams, WD Geach, MJ Hankinson, IM Groves and SDM Zungu are independent non-executive directors of Grindrod as contemplated in sub-section 2.4.3 of the King Code of Corporate Practices and Conduct and paragraph 3.84(f) of the JSE Listings Requirements.

MR Faku represents the interests of the B-BBEE partner of Grindrod (South Africa) (Pty) Limited, a major subsidiary company, which interest could be perceived to compromise his independence. Reference is made to the chairman's status on page 67.

A brief curriculum vitae of each director of the company is published on pages 14 to 17.

Board committees

The board has an audit committee and a remuneration/nomination committee. Members and the chairmen of the remuneration/nomination committee are appointed by the board. The audit committee members will be appointed for the first time by shareholders at the forthcoming annual general meeting. The board has no separate risk committee, as this function is dealt with by the board as a whole with an annual meeting dedicated to a group risk assessment and quarterly risk updates. During the year the board reconsidered the establishment of a risk committee. It was agreed to continue with the current status and to ensure the full board are regularly kept appraised. A full report on the risk management process is set out on pages 86 to 91.

The full board is responsible for risk management and implementing an effective process to identify risk, measure the potential impacts and to set risk tolerance levels. A full assessment of risk is set out on page 86.

For the purposes of good governance and in compliance with South African Reserve Bank requirements, Grindrod Bank has its own board committees which include:

- Audit and Compliance;
- Remuneration;
- Directors' Affairs;
- Risk and Capital Management;
- Asset Management Investment;
- Credit Risk; and
- Asset and Liability.

Executive committee

The executive committee comprises the executive directors, JB McIlmurray, MR Wade and the group secretary.

The board has delegated a wide range of matters relating to the company's management to the executive committee as directed by the group limits of authority framework, including:

- Financial, strategic, operational, governance, risk and functional issues;
- Formulation of the group strategy and policy; and
- Alignment of group initiatives.

The committee held six meetings during the year, which included a succession planning meeting and a presentation by the Institute for Futures Research. The executive committee also held a two-day strategic planning meeting with key operational management during 2010. The committee assists the chief executive officer in guiding and managing the execution of the overall direction of the business of the company, monitors business performance and acts as a medium of communication and co-ordination between business units, group companies and the board.

Audit committee

The group audit committee performs the role of reviewing internal controls and financial results, recommending the appointment of the external auditor and overseeing the external and internal audit processes. IM Groves, an independent non-executive director of the group, serves as chairman of the committee. The audit committee fulfils its responsibility in line with specific terms of reference and in terms of section 270A (f) of the South African Companies Act, 1973, as amended. A full audit committee report is set out on pages 76 to 78. The internal and external auditors have full access to the committee.

The audit committee has also been mandated, in line with King III, responsibility for overseeing of the implementation of integrated reporting and verification procedures. This will also involve the further development of a combined assurance model.

The audit committee met three times during the year and have implemented the practice of meeting with internal and external auditors without management present.

Attendance was as follows:

	15 Feb 2010	31 May 2010	17 Aug 2010
IM Groves (chairman)	✓	✓	✓
WD Geach	✓	✓	✓
MJ Hankinson (appointed 19 May 2010)	n/a	✓	✓
RA Norton (retired 17 May 2010)	✓	n/a	n/a

The committee is now elected by shareholders at the annual general meeting in terms of the requirements of the new Companies Act. The report of the audit committee is set out on page 76 to 78.

Remuneration/nomination committee

The board has a remuneration/nomination committee to assist in governance matters related to executive remuneration, succession planning and identification of suitable candidates to serve on the board. During the year MJ Hankinson was appointed chairman in place of RA Norton who retired. The members, who are all non-executive directors, are appointed by the board.

Due to the functions of remuneration and nomination being combined, it is to be noted that the chairman of the board does not chair the nomination function as proposed by King III.

The committee has formal terms of reference approved by the board and is responsible for the assessment and approval of a broad remuneration strategy for the group. In particular, it reviews and agrees key performance indicators and determines the remuneration packages and incentive bonuses of the members of the executive committee, the fees for the non-executive directors and recommends the granting of share options to executive directors and senior employees. These details, together with an overview of remuneration and incentive philosophies, are set out in the remuneration report on page 79.

The committee is responsible for identifying and nominating candidates for approval of the board as additional directors or to fill any board vacancies when they arise, taking skills, experience and demographics into account. In addition, the committee recommends directors, who retire in terms of the company's articles of association, for re-election.

The remuneration/nomination committee met three times during the year and attendance was as follows:

	16 Feb 2010	18 Aug 2010	15 Nov 2010
MJ Hankinson (appointed chairman 19 May 2010)	n/a	✓	✓
IAJ Clark	✓	✓	✓
IM Groves	✓	✓	✓
RA Norton (resigned as chairman 17 May 2010)	✓	n/a	n/a

Relations with stakeholders

The group communicates its strategy, performance and vision through regular presentations to investors, analysts, employees and other stakeholders. In addition, management regularly meet with major institutional investors and analysts. The group's website, www.grindrod.co.za is also used to inform stakeholders. A full report is set out on pages 104 and 105.

The 2010 interim results were presented in Johannesburg in August 2010 and the final results were presented to the investment analysts in Johannesburg, Durban and Cape Town during February 2011.

Corporate sponsor

Grindrod Bank Limited acts as the company's sponsor in compliance with the JSE Listings Requirements. In the case of major corporate actions, the services of an independent sponsor will be engaged.

Company secretary

The board considers the company secretary to be qualified to perform his duties in accordance with applicable legislation and to be fit and proper for the position. All directors have access to the advice and services of the company secretary who ensures compliance with applicable procedures and legislation.

Going concern

The directors are responsible for overseeing the preparation and the final approval of the group interim and annual financial statements. The auditors are responsible for auditing the financial statements and providing their opinion thereon. The directors believe that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements, which fairly present the state of the group. Appropriate accounting standards have been applied and adequate accounting records maintained. The going concern basis was adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not continue to be a going concern.

Internal controls

The board is responsible for the group's internal financial and operational control systems. The internal control systems are designed to provide reasonable assurance against material misstatement and loss.

The principal features of the group's internal financial controls are covered in the financial director's report on page 27.

Internal audit

The group acknowledges the importance of an independent strategically aligned internal audit function to assist the audit committee in discharging its responsibilities.

Internal audit is mandated by and functions in terms of an approved charter which describes its purpose, authority and responsibilities.

The internal audit function is independent of all other organisational functions, reports directly to the audit committee and has free and unrestricted access to all areas within the group, including management, personnel, activities, locations and information.

All internal audit activities are performed in compliance with International Internal Audit practice and the methodology and standards required by the SA Institute of Internal Auditors. A formalised quality improvement plan and an independent quality review process as suggested in King III, is planned.

Systematic and thorough annual internal audit coverage plans are prepared together with management and approved by the audit committee. All businesses within the group receive adequate coverage by following a methodical risk-based audit approach.

External service providers are used for certain specialist reviews including taxation, information technology and any other assignment requiring a particular skill set.

The strategic focus of internal audit is to:

- Improve risk based alignment in order to provide assurance on key risks that may prevent or effect the realisation of strategic goals; and
- Assist management in further developing the internal financial control framework to identify financial reporting risks and ensure controls are adequate to address the risk of material misstatements of financial results.

Strategy planning

As a key performance area of the board, group strategy is mapped by the board in consultation with the executive committee of the company. The board appreciates the fact that strategy, risk, performance and sustainability are inseparable and annually reviews the strategy and finalises the group business plan for the next year at its meeting in November. The executive attend a special two-day strategy session annually in September to determine strategic direction.

Information technology (IT) governance

As a result of adopting King III guidelines of governance and compliance, the Grindrod board has approved an IT charter and the appointment of a chief information officer (CIO) who together with the IT steering committee established in 2010, will discharge the duties of the charter.

The IT charter will ensure:

- The establishment of a sound and secure framework, taking into account internal policies, industry standards and external laws and regulations, within which all IT activities are executed;
- That the business and IT strategies are aligned and value is achieved from IT investments;
- IT services and processes are always available and agile to changing business needs; and
- IT risk is identified and managed.

The IT steering committee comprises senior members of each major operating entity. The committee meets quarterly and provides the Grindrod board with direct feedback on IT governance and strategy.

Compliance

In establishing an effective compliance framework, the Grindrod group has a comprehensive set of policies, regularly updated in line with changes in legislation and business governance requirements, with which all group companies and employees are obliged to comply. It is planned to revise the group legal compliance framework during 2011.

Ethics

The group is committed to providing excellent services to customers and considers a high standard of ethical behaviour to be paramount in achieving this objective. The group's Code of Ethics is endorsed by the Ethics Institute of South Africa, of which the company is an organisational member. (If any person has any queries, they can contact Ethics SA directly on telephone +27 12 342 2799.) The code is designed to raise ethical awareness, act as a guide in day-to-day decisions and to help assure customers and other stakeholders of the integrity of the group companies with which they deal.

An important element of the induction process is to communicate to new employees the group's values, standards and compliance procedures. The group's core values include respect for company assets and the environment, operating with integrity, acting with professionalism in our service delivery to customers, being fair in the way we treat people and accountability, which requires employees to take full ownership of actions taken.

Employees or others can report unethical or risky behaviour to the custodian of the Grindrod Code of Ethics, the Grindrod Ethics Officer:

Postal address:	PO Box 1, Durban, 4000
Telephone:	+27 31 365 9116
E-mail:	craigr@grindrod.co.za

A Deloitte Tip-offs Anonymous® service was introduced in April 2009. The service provides an independent and confidential method for employees or other parties to report unethical behaviour. Such reporting can be submitted to the Grindrod Ethics line:

Free post:	c/o Tip-offs Anonymous, Freepost DN298, Umhlanga Rocks, 4320, South Africa
Telephone:	0800 21 31 18 or +27 31 571 5329
E-mail:	grindrodethics@tip-offs.com
Website:	www.tip-offs.com

A report on tip-offs experienced during the year is set out in the risk management section on page 88.

Access to information

Grindrod has complied with the requirements of the Promotion of Access to Information Act of 2000. The corporate manual is available on the website www.grindrod.co.za. There were no requests made in terms of this legislation during the year.

King III index

Key: ✓ Compliant
Partially compliant
★ Under review
✗ Non-compliant

King III Index	
Ethical leadership and corporate citizenship	
Effective leadership based on an ethical foundation	✓
Responsible corporate citizen	✓
Effective management of company's ethics	✓
Assurance statement on ethics in integrated report (note 1)	★
Board and directors	
The board is the focal point for and custodian of corporate governance	✓
Strategy, risk, performance and sustainability are inseparable	✓
Directors act in the best interest of the company	✓
The chairman of the board is an independent non-executive director (note 2)	✗
Framework for the delegation of authority has been established	✓
The board comprises a balance of power, with a majority of non-executive directors independent	✓
Directors are appointed through a formal process	✓
Formal induction and ongoing training of directors is conducted	✓
The board is assisted by a competent, suitably qualified and experienced company secretary	✓
Regular performance evaluation of the board, its committees and the individual directors	✓
Appointment of well-structured committees and an oversight of key functions (note 3)	#
An agreed governance framework between the group and its subsidiary boards (note 4)	#
Directors and executives are remunerated fairly and responsibly	✓
Remuneration of directors and certain senior executives is disclosed (note 5)	#
The company's remuneration policy is approved by its shareholders (note 6)	✗
Audit committee	
Effective and independent	✓
Suitably skilled and experienced independent, non-executive directors	✓
Chaired by an independent non-executive director	✓
Oversees integrated reporting (note 7)	#
A combined assurance model is applied to improve efficiency in assurance activities (note 8)	#
Satisfies itself of the expertise, resources and experience of the company's finance function	✓
Oversees internal audit	✓
Integral to the risk management process	✓
Oversees the external audit process	✓
Reports to the board and shareholders on how it has discharged its duties	✓
The governance of risk	
The board is responsible for the governance of risk and setting levels of risk tolerance	✓
The risk committee assists the board in carrying out its risk responsibilities (note 3)	✗
The board delegates the risk management plan to management	✓
The board ensures that risk assessments and monitoring is performed on a continual basis	✓
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks (note 9)	#
Management implements appropriate risk responses	✓
The board receives assurance on the effectiveness of the risk management process	✓
Sufficient risk disclosure to stakeholders	✓
The governance of information technology	
The board is responsible for information technology (IT) governance (note 10)	★
IT is aligned with the performance and sustainability objectives of the company	✓
Management is responsible for the implementation of an IT governance framework (note 10)	#
The board monitors and evaluates significant IT investments and expenditure	✓
IT is an integral part of the company's risk management	✓
IT assets are managed effectively (note 10)	★
The risk committee and audit committee should assist the board in carrying out its IT responsibilities (note 3)	✓

King III Index	
Compliance with laws, codes, rules and standards	
The board ensures that the company complies with applicable laws	✓
The board and directors have a working understanding of the relevance and implications of non-compliance	✓
Compliance risk forms an integral part of the company's risk management process	✓
The board has delegated to management the implementation of an effective compliance framework and processes	✓
Internal audit	
Effective risk-based internal audit	✓
Written assessment of the effectiveness of the company's system of internal control and risk management	✓
Internal audit is strategically positioned to achieve its objectives	✓
Governing stakeholder relationships	
Appreciate that stakeholders' perceptions affect a company's reputation	✓
Management pro-actively deals with stakeholder relationships	✓
There is an appropriate balance between its various stakeholder groupings	✓
Equitable treatment of shareholders	✓
Transparent and effective communication with stakeholders	✓
Disputes are resolved effectively and timeously	✓
Integrated reporting and disclosure	
The board ensures the integrity of the company's integrated report	✓
Sustainability reporting and disclosure is integrated with the company's financial reporting (note 11)	#
Sustainability reporting and disclosure is independently assured (note 12)	#

Notes	Explanation	Further reading/action
1.	Strong ethical culture and standard in place. However, independent assurance will be included on a formal basis for the 2011 financial year.	Integrated reporting on page 66.
2.	The chairman of the board is not independent due to his shareholding and share options issued during his tenure as group chief executive officer.	Benefit of experience and business skills considered to far outweigh perceived lack of independence.
3.	Company does not have a separate risk management committee. The board as a whole has assumed full responsibility for this function.	Due to board member experience of knowledge, function considered best placed with full board. Divisional risk management oversight mechanisms under review.
4.	The governance framework will be formalised in the 2011 financial year.	Board responsibilities on page 68.
5.	Grindrod has not disclosed the remuneration of the most highly paid employees who are not directors.	Remuneration report on page 79.
6.	The remuneration policy will not be tabled for approval by the shareholders.	Remuneration report on page 79. Subject to review for consideration in 2012.
7.	The process of oversight of integrated reporting has commenced.	To be further addressed in 2011.
8.	Combined assurance model approach has begun.	To be further improved in 2011.
9.	Current risk framework and methodologies implemented will be further enhanced to improve the probability of identifying unpredictable risks.	Risk management and risk assessment on pages 86 to 91.
10.	The current IT governance framework and processes are currently being enhanced to ensure further alignment with King III.	Information technology on page 72.
11.	Sustainability and integrated reporting.	To be further developed in the 2011 financial year.
12.	The independent external auditors have provided limited assurance on certain sustainability indicators for the year ending 31 December 2010.	Independent external auditors assurance on page 92.

Audit committee report

Report in terms of section 270A(f) of the South African Companies Act, 1973, as amended

In addition to having specific statutory responsibilities, the audit committee is a subcommittee of the board of directors. It assists the board through advising and making recommendations on financial reporting, internal financial controls, external and internal audit functions and statutory and regulatory compliance of the company.

Terms of reference

The audit committee has adopted formal terms of reference that have been approved by the board of directors and has executed its duties during the past financial year in accordance with these terms of reference.

The committee is in the process of reviewing its corporate governance practices with a view to complying with the requirements of the 2008 Companies Act and the King III recommendations and reporting thereon at the end of the current financial year.

Composition

The committee consists of three independent non-executive directors.

At 31 December 2010, the audit committee comprised:

Name	Qualifications	Appointed
IM Groves	CA(SA)	February 1998
WD Geach	LLB; MCom; CA(SA); FCIS	June 2009
MJ Hankinson	CA(SA)	May 2010

The chairman, chief executive officer, group financial director and representatives from the external and internal auditors also attend the audit committee meetings. The internal and external auditors have unrestricted access to the audit committee. During the year a group risk and internal audit manager was appointed and reports directly to the committee. The group secretary serves as secretary to the committee.

Meetings

The audit committee held three meetings during the year. Attendance at these meetings is reflected on page 70.

Statutory duties

In the execution of its statutory duties during the past financial year, the audit committee:

- Nominated for appointment as auditor, Deloitte & Touche who, in their opinion, is independent of the company and R Ebrahim as the designated audit partner;
- Determined the fees paid to Deloitte & Touche as disclosed in the notes of the annual report;
- Determined Deloitte & Touche's terms of engagement;
- Believes that the appointment of Deloitte & Touche complies with the relevant provisions of the South African Companies Act and King III;
- Approved all non-audit service contracts with Deloitte & Touche;
- Received no complaints relating to the accounting practices and internal audit of the company, the content or auditing of its financial statements, the internal financial controls of the company and any other related matters;

- Made submissions to the board on matters concerning the company's accounting policies, financial controls, records and reporting; and
- Concurred with the adoption of the going concern premise in the preparation of the financial statements.

Delegated duties

The committee has:

- Reviewed and recommended the internal audit charter for approval;
- Evaluated the independence, effectiveness and performance of the internal audit function/department and compliance with its mandate;
- Reviewed the effectiveness of the company's system of internal financial controls, including receiving assurance from management, internal audit and external audit;
- Reviewed significant issues raised by the internal audit process; and
- Reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, the committee believes that the internal financial controls are effective.

The internal audit manager has unrestricted access to the audit committee chairman.

Regulatory compliance

The audit committee has complied with all applicable legal, regulatory and other responsibilities.

External audit

The committee has considered the independence of Deloitte & Touche and is satisfied that the auditors were independent throughout the year. To fulfil this responsibility, the committee reviewed:

- Changes in key external audit staff in Deloitte & Touche's audit plan;
- The arrangements for day-to-day management of the audit relationship;
- A report from Deloitte & Touche describing their policy to identify, report and manage any conflicts of interest; and
- The overall extent of non-audit services provided by Deloitte & Touche.

To assess the effectiveness of the external auditors, the committee reviewed:

- Deloitte & Touche's fulfilment of the agreed audit plan and variations from the plan; and
- The robustness and perceptiveness of Deloitte & Touche in their handling of the key accounting and audit judgements.

With regard to the oversight of the external audit process received, the committee reports on:

- The areas of responsibility, associated duties and scope of the audit;
- Deloitte & Touche's overall work plan for the year;
- Major issues that arose during the audit and their resolution;
- Key accounting and audit judgements;
- The errors identified during the audit; and
- Recommendations made by Deloitte & Touche and management's responses to issues raised and the adequacy of management's response.

Based on the committee's satisfaction with the results of the activities outlined above, is has nominated, for approval at the annual general meeting, Deloitte & Touche as the external auditors for the ensuing year, with R Ebrahim as the designated audit partner.

In terms of the revised rotation requirements of the Companies Act 2008, 2011 will be Ms Ebrahim's first year as designated audit partner of the company and her second year in terms of the IFAC rules. The committee confirms that the audit firm and designated audit partner are accredited by the JSE.

Finance function

The committee believes that AF Stewart, the group financial director, possesses the appropriate expertise and experience to meet his responsibilities in that position as required by the JSE. The committee further supported the appointment of AG Waller as his successor effective 1 March 2011 and are satisfied that he has the right credentials.

The committee is satisfied with the:

- Expertise and adequacy of resources within the finance function; and
- Experience of the divisional financial managers.

Based on the processes and assurance obtained, the committee believes that the accounting practices are effective.

Financial statements

The audit committee recommends the adoption of the annual financial statements by the board.

On behalf of the audit committee.

IM Groves
Chairman

Durban
21 February 2011

Remuneration report

Remuneration philosophy and policy

The board recognises the importance of people to the continued sustainability and growth of the group. Oversight is therefore maintained over the remuneration policy and the implementation thereof to ensure rewards are competitive and proportionate with the contribution to the group's performance. As a principle, above average remuneration is awarded to those employees who add significant value as gauged through achievement of performance results.

The executive and key managers' remuneration is therefore structured to ensure that a significant portion of their package is linked to performance and achievement of sustainability targets through short-term and long-term incentives.

The board does not intend to ask the shareholders for non-binding approval for the group's remuneration policies. The rationale and basis for the group's executive remuneration policy is carefully considered by the remuneration/nomination committee and is documented in the annual report. Shareholders with concerns regarding this policy should contact the chairman of either the board or the committee.

Remuneration governance

The remuneration/nomination committee is composed of non-executive directors tasked with operating on behalf of the board to ensure the alignment of remuneration with realising shareholder value.

Share incentive schemes

Share option scheme

Grindrod has a share option scheme as an incentive to the senior management employees of the group. At the annual general meeting in May 2010, it was resolved that the unissued shares in the share capital of the company reserved for the purpose of the share option scheme continue to be placed under the control of the directors. The aggregate number of shares which are reserved for the scheme, together with the shares under option, is 90 000 000. These shares represent 3% of the authorised share capital and approximately 20% of the issued share capital as at 31 December 2010, excluding treasury shares.

After taking into account options which have lapsed and options withdrawn in respect of retired employees and employees who have left the group, the balance of the options which have been granted is 40 960 000 shares (equivalent to 9% of the issued share capital), of which 37 060 000 shares have been exercised and issued, leaving 3 900 000 shares (equivalent to 0,8% of the issued share capital excluding treasury shares) still under option in terms of the scheme at 31 December 2010. The options are exercisable at the market prices ruling on the dates the options were granted and vary from 239 cents to 1 251 cents per ordinary share and at varying dates before November 2015.

1 600 000 ordinary shares were allotted during the year in terms of the scheme for a consideration of R8 692 000.

Details of share options granted but not yet exercised are:

Date option granted	Expiry date	Number of options	Subscription price (cents)
26.11.2003	26.11.2013	750 000	239
27.05.2004	27.05.2014	100 000	380
23.11.2005	23.11.2015	3 050 000	1 251
		3 900 000	

There were no options granted under this scheme in 2010.

Share price linked option scheme

The group share price linked share option scheme was introduced in 2007 for executives and other key senior managers in place of the aforementioned share option scheme.

Whilst the rules of the new scheme are modelled on those of the option scheme, the important difference is that options under the new scheme are cash settled rather than equity settled. One-third of the options become vested on each of the third, fourth and fifth anniversaries of the relevant grant date. The options do not have an expiry date beyond the vesting date.

In terms of the rules of the new scheme, the grant price of an option is determined on the same basis as the settlement price, i.e. the average of the closing price of the previous seven trading days. The cash settlement amount of an option is equal to the difference between the weighted average price of Grindrod shares on the date upon which an option vests and the grant price. The participants will receive the amount due as a cash bonus.

The advantages to the company in adopting the new scheme include:

- no necessity to issue new shares when options are exercised, i.e. no share dilution;
- ease of administration; and
- tax effectiveness of the expense in the hands of the company.

The remuneration/nomination committee recommends the granting of options for approval by the board of Grindrod Limited.

Options granted to executive directors and senior management as at 31 December 2010 comprise:

Date option granted	Number of options granted	Price (cents)
2007	1 475 000	1 625
2007	1 148 000	2 400
2008	2 348 600	2 350
2008	93 000	2 822
2009	3 749 000	1 430
2010	4 117 000	1 395
	12 930 600	

Grindrod Bank share price linked option scheme

In 2009, a share price linked scheme was introduced for Grindrod Bank executives and key employees. The scheme operates on the same principle as the Grindrod Limited share price linked option scheme, with the exception of the share price being based on a combined net asset value of Grindrod Bank and related financial services entities as opposed to the Grindrod listed price.

Non-executive directors' remuneration

The level of fees paid to non-executive directors is reviewed by the remuneration/nomination committee on an annual basis. The recommendations are submitted to the Grindrod board for consideration and the fees are approved in advance by the shareholders at the annual general meeting. Various market surveys are utilised to determine the remuneration levels and reference is made to the fees paid by comparable listed companies.

Non-executive directors do not participate in the group's incentive bonus plan or share option scheme, however, IAJ Clark continues to hold options granted during his tenure as chief executive officer.

Directors' emoluments

The remuneration paid to directors of the company, whilst in office, during the year ended 31 December 2010 is as follows:

	Directors' fees R000	Committee fees R000	Basic remuneration R000	Performance bonus R000	Retirement, medical and other benefits R000	Share option gains R000	**Total 2010 R000**	Total 2009 R000
Executive directors								
JG Jones**							**–**	5 797
TJT McClure** *(retired 31 July 2010)*							**–**	7 518
AK Olivier**			1 241	2 541			**3 782**	8 644
DA Rennie**							**–**	6 717
AF Stewart**			744	1 869	127		**2 740**	13 996
LR Stuart-Hill**							**–**	8 187
Non-executive directors								
IAJ Clark	360	38			47	4 689	**5 134**	7 596
H Adams	153						**153**	128
MR Faku*	158						**158**	–
WD Geach	153	43					**196**	201
IM Groves	153	98			47		**298**	280
MJ Hankinson*	158	60					**218**	–
RA Norton *(retired 19 May 2010)*	56	34					**90**	203
NTY Siwendu *(resigned 1 January 2010)*							**–**	153
SDM Zungu*	158						**158**	–
From the company							**12 927**	59 420
Executive directors								
JG Jones**			1 765	1 040	524	2 360	**5 689**	1 733
TJT McClure** *(retired 31 July 2010)*			1 948	1 266	8 595	224	**12 033**	33 540
DA Polkinghorne**			1 861	1 508	388		**3 757**	3 732
DA Rennie**			2 421	2 194	816	2 360	**7 791**	2 437
AK Olivier**			3 972	1 319	247		**5 538**	2 498
AF Stewart**			1 258		774		**2 032**	
LR Stuart-Hill**			2 596	1 559	878	4 812	**9 845**	2 436
Non-executive directors								
IAJ Clark	78	12					**90**	79
WD Geach	23	15					**38**	–
IM Groves	53	89					**142**	113
RA Norton *(retired 19 May 2010)*	21	47					**68**	150
NTY Siwendu *(resigned 1 January 2010)*							**–**	70
From the subsidiaries							**47 023**	46 788
Total emoluments							**59 950**	106 208

* *Includes fees paid from December 2009.*

** *For purposes of comparison refer to both earnings for total company and subsidiaries.*

Share option scheme and share price linked option scheme

Details of share options and share price linked option shares granted to directors and not exercised are set out below. Details of these two schemes are shown on page 80.

Share option scheme

Director	Options at 01.01.2010	Options exercised during the year	Price at which options exercised (cents)	Options at 31.12.2010	Option price (cents)	Vesting dates	Expiry dates
IAJ Clark	200 000	200 000	239	–			
	200 000	100 000	380	100 000	380	27.05.2011	27.05.2014
	600 000	300 000	1 251	150 000	1 251	23.11.2011	23.11.2015
				150 000	1 251	23.11.2012	23.11.2015
JG Jones	150 000	150 000	239	–			
	500 000		1 251	100 000	1 251	23.11.2008	23.11.2015
				100 000	1 251	23.11.2009	23.11.2015
				100 000	1 251	23.11.2010	23.11.2015
				100 000	1 251	23.11.2011	23.11.2015
				100 000	1 251	23.11.2012	23.11.2015
AK Olivier	400 000		239	200 000	239	26.11.2009	26.11.2013
				200 000	239	26.11.2010	26.11.2013
	400 000		1 251	100 000	1 251	23.11.2009	23.11.2015
				100 000	1 251	23.11.2010	23.11.2015
				100 000	1 251	23.11.2011	23.11.2015
				100 000	1 251	23.11.2012	23.11.2015
DA Rennie	150 000	150 000	239	–			
	500 000		1 251	100 000	1 251	23.11.2008	23.11.2015
				100 000	1 251	23.11.2009	23.11.2015
				100 000	1 251	23.11.2010	23.11.2015
				100 000	1 251	23.11.2011	23.11.2015
				100 000	1 251	23.11.2012	23.11.2015
AF Stewart	150 000		239	150 000	239	26.11.2010	26.11.2013
	500 000		1 251	100 000	1 251	23.11.2008	23.11.2015
				100 000	1 251	23.11.2009	23.11.2015
				100 000	1 251	23.11.2010	23.11.2015
				100 000	1 251	23.11.2011	23.11.2015
				100 000	1 251	23.11.2012	23.11.2015
LR Stuart-Hill	200 000	200 000	239	–			
	400 000	200 000	1 251	100 000	1 251	23.11.2011	23.11.2015
				100 000	1 251	23.11.2012	23.11.2015
	4 350 000	**1 300 000**		**3 050 000**			

Share price linked options scheme

Director	Options at 01.01.2010	Options granted during the year	Options vested during the year	Vesting price (cents)	Options at 31.12.2010	Option price (cents)	Vesting dates
JG Jones	220 000				17 600	2 350	01.03.2011
					17 600	2 350	01.03.2012
					17 800	2 350	01.03.2013
					55 600	1 430	01.03.2012
					55 600	1 430	01.03.2013
					55 800	1 430	01.03.2014
		171 000			57 000	1 395	01.03.2013
					57 000	1 395	01.03.2014
					57 000	1 395	01.03.2015
AK Olivier	1 360 000		283 300	1 395	–	1 625	01.03.2010
					283 300	1 625	01.03.2011
					283 400	1 625	01.03.2012
					62 000	2 350	01.03.2011
					62 000	2 350	01.03.2012
					62 000	2 350	01.03.2013
					108 000	1 430	01.03.2012
					108 000	1 430	01.03.2013
					108 000	1 430	01.03.2014
		688 000			229 300	1 395	01.03.2013
					229 300	1 395	01.03.2014
					229 400	1 395	01.03.2015
DA Polkinghorne	285 000		51 600	1 395	–	1 625	01.03.2010
					51 600	1 625	01.03.2011
					51 800	1 625	01.03.2012
					43 300	2 350	01.03.2011
					43 300	2 350	01.03.2012
					43 400	2 350	01.03.2013
DA Rennie	445 000		51 600	1 395	–	1 625	01.03.2010
					51 600	1 625	01.03.2011
					51 800	1 625	01.03.2012
					28 000	2 350	01.03.2011
					28 000	2 350	01.03.2012
					28 000	2 350	01.03.2013
					68 600	1 430	01.03.2012
					68 600	1 430	01.03.2013
					68 800	1 430	01.03.2014
		264 000			88 000	1 395	01.03.2013
					88 000	1 395	01.03.2014
					88 000	1 395	01.03.2015

Share price linked options scheme (continued)

Director	Options at 01.01.2010	Options granted during the year	Options vested during the year	Vesting price (cents)	Options at 31.12.2010	Option price (cents)	Vesting dates
AF Stewart	348 000		16 600	1 395	–	1 625	01.03.2010
					16 600	1 625	01.03.2011
					16 800	1 625	01.03.2012
					31 300	2 350	01.03.2011
					31 300	2 350	01.03.2012
					31 400	2 350	01.03.2013
					68 000	1 430	01.03.2012
					68 000	1 430	01.03.2013
					68 000	1 430	01.03.2014
		251 000			83 600	1 395	01.03.2013
					83 700	1 395	01.03.2014
					83 700	1 395	01.03.2015
LR Stuart-Hill	444 000		45 000	1 395	–	1 625	01.03.2010
					45 000	1 625	01.03.2011
					45 000	1 625	01.03.2012
					29 300	2 350	01.03.2011
					29 300	2 350	01.03.2012
					29 400	2 350	01.03.2013
					73 600	1 430	01.03.2012
					73 600	1 430	01.03.2013
					73 800	1 430	01.03.2014
		522 000			174 000	1 395	01.03.2013
					174 000	1 395	01.03.2014
					174 000	1 395	01.03.2015
	3 102 000	**1 896 000**	**448 100**		**4 549 900**		

No bonus payments were paid on options which vested in 2010, due to the share price being below the grant price of the shares vested, however, R224 000 was paid to TJT McClure on his retirement on 31 July 2010 in terms of the rules of the scheme.

Grindrod Bank Limited share price linked options scheme

Director	Options at 01.01.2010	Options granted during the year	Options at 31.12.2010	Option price (cents)	Vesting dates
DA Polkinghorne	447 000		149 000	466	01.03.2012
			149 000	466	01.03.2013
			149 000	466	01.03.2014
		249 000	83 000	499	01.03.2013
			83 000	499	01.03.2014
			83 000	499	01.03.2015
	447 000	**249 000**	**696 000**		

The option price in respect of each of the Grindrod Bank scheme shares is based on a combined net asset value of the Financial Services division.

Directors' interest in the company

At 31 December 2010, the directors held ordinary shares in the company as follows:

Director	2010 Beneficial indirect	2009 Beneficial indirect
IAJ Clark	5 719 900	5 119 900
IM Groves (1)	1 298 947	1 500 000
MJ Hankinson	5 000	5 000
AK Olivier	1 634 250	1 634 250
DA Rennie	750 000	600 000
AF Stewart (2)	632 050	980 000
LR Stuart-Hill	8 500	628 500
Aggregate	10 048 647	10 467 650

Zero cost collar options have been entered into in respect of the following:

Note	Number of shares	Put strike (R)	Call strike (R)	Maturity date
(1)	298 947	18,50	20,68	06.12.2013
(2)	320 000	15,57	25,37	30.11.2011

At 31 December 2010, the directors held preference shares in the company as follows:

	2010		2009	
Director	Beneficial indirect	Non-beneficial indirect	Beneficial indirect	Non-beneficial indirect
IAJ Clark	205 931	–	205 931	–
IM Groves	15 000	–	15 000	–
JG Jones	20 000	4 000	20 000	4 000
DA Rennie	–	10 000	–	10 000
LR Stuart-Hill	13 800	–	13 800	–
Aggregate	254 731	14 000	254 731	14 000

There were no direct beneficial holdings in the current or prior year.

These ordinary and preference shareholdings were unchanged at 23 February 2011.

General remuneration

Remuneration packages are established for each job based on their relative value using an international system of evaluation and are assessed for competitiveness regularly. Improvements in packages are driven by individual and consequently business performance.

The group's salary/wage bill including incentive bonuses and profit share incentives for the reporting year and for 2010 per occupation level for temporary and permanent staff was as follows:

R000	2010			2009		
Occupational level	Permanent	Temporary	Total	Permanent	Temporary	Total
Top management	104 072	1 182	105 254	92 592	18 421	111 013
Senior management	190 507	2 182	192 689	194 026	13 014	207 040
Middle management	187 961	6 508	194 469	178 693	16 338	195 031
Skilled	250 562	7 665	258 227	242 017	12 359	254 376
Semi-skilled	176 669	28 663	205 332	252 414	28 621	281 035
Least skilled	28 550	3 080	31 630	29 996	12 798	42 794
Total	938 321	49 280	987 601	989 738	101 551	1 091 289

Risk management

Grindrod's risk philosophy recognises that effective risk management is central to maintaining and improving a competitive advantage while adapting to changes in the business environment. Grindrod adopts a holistic approach to managing uncertainty, representing both risk and opportunity. The aim is to establish the acceptable level of risk in each area of business, which should be as low as reasonably practical, while taking full advantage of the highest returns possible to maximise shareholder wealth. In all risk management activities, compliance with the King III Code on Corporate Governance in South Africa is a fundamental principle. This report sets out the application of the King III principles as they relate to the governance of risks or explains where the code has not yet been applied.

Grindrod's board retains ultimate responsibility for the governance of risk and ensuring that risks are adequately identified, calculated, monitored and managed. The updated group risk management policy sets out Grindrod's risk management structure, the risk management framework, the standards and methodology used, risk management guidelines and details of the assurance and review of the risk management process as recommended by King III.

In addition to the quarterly assessments of risk at board meetings, a separate annual meeting of the board is held which focuses on the review of the group risk management process and approves the group risk management plan for the following year. The board and management reviews and assesses levels of risk tolerance and/or risk appetite specific to particular risks on an ongoing basis. While Grindrod has an effective risk management process, the board recognises that risk management is an ongoing process which requires continuous improvement in order to evolve, commensurate with the development and growth of the group's activities. Accordingly, the 2011 risk plan will set out steps to further embed risk management within the culture of the group and in particular at every level an operation within the group.

Executive and operational management are accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the group.

Risk reviews are facilitated at all subsidiary and joint venture companies. Risks are prioritised and ranked in risk registers to focus responses and interventions by management.

The group's risk management framework governs the risk management process of risks inherent to the group, being:

- Strategic;
- Market;
- Financial;
- Operational;
- Legal; and
- Organisational.

The risk management processes followed are based on the ISO 31000 Standard for Risk Management.

Independent, objective assurance on the effectiveness of the risk management process is to be provided to Grindrod's board by internal audit and Grindrod's audit committee.

Business continuity management

Existing business continuity management (BCM) practises across the group are currently being enhanced. As the first stage in this process, Grindrod recently commissioned an external current state assessment of BCM activities and plans across the group.

Overview of key risks

There were no undue, unexpected or unusual risks taken during the period of review.

The following risks are identified as significant to the group:

Risk type	Management of risk
STRATEGIC RISK	– understanding the markets the group operates in, sectorally and geographically; – obtaining adequate information about the market situation and the market cycle; – combined "through the cycle" experience within its executive and management team; – using an established supporting expertise base including financiers, insurers, agents, brokers and legal advisors; – operating within set financial limits, approval framework and board review; and – adherence to the group investment policy which ensures that all due diligence processes are fully followed for any acquisitions or projects.
MARKET RISK Substantial decline in world shipping markets	– management continually assesses shipping markets utilising their own experience and detailed research; – risks are managed through careful timing of fixed charters, timing of entry into markets, diversification of risk and a solid contract base; and – the board has set risk measurement benchmarks and the group's risk model reflecting the exposure to shipping risk is updated quarterly. An annual review of the model's assumptions and the benchmarks is also carried out.
Exposure to commodity price fluctuations	– substantially all purchase and sales contracts are fully matched back-to-back trades; and – a commodity position trading policy is in place which includes a value at risk measurement of all open positions, stress testing and stop losses.
Counterparty/credit risk	– a counterparty risk management policy is in place; – charter and contract counterparties are thoroughly investigated and third party advice is obtained to ensure that only reputable charterers are contracted; – regular monitoring of all counterparties in order to assess their ability to perform on contracts; – internal controls include a thorough credit approval process with regular management review; – debtors are reviewed monthly by management; – selective use of credit guarantee insurance; – operating within set financial limits; – significant exposures require board approval; and – the effectiveness of controls is assessed through the group's internal audit process.

Risk management (continued)

Risk type	Management of risk
FINANCIAL RISK Exchange/interest rate risk	– the group's exchange and interest rate policy is approved by the board; – a detailed review of the group's foreign exchange and interest rate exposure is reviewed quarterly by the board and on a ongoing basis by management and; – the Rand/US Dollar exchange rate significantly impacts on the group's results, however, it is not the group's policy to hedge US Dollar operating cash flows generated by US Dollar-denominated businesses.
Risk of non-compliance with loan covenants	– loan covenants are continually reviewed to ensure that current loans are well within loan covenant ratios.
Fraud risk	– fraud risk factors and internal controls are regularly reviewed and assessed through the group's risk management and internal audit process; – the fraud risk management strategy is continuously reviewed and updated; – the group fraud and corruption prevention policy and the fraud response plan ensure formal reporting and feedback; and – Grindrod subscribes to Tip-Offs Anonymous, the confidential whistle-blowing hotline service operated by Deloitte. During the year, 38 reports were received via this hotline. Incidents reported were procurement irregularities, misuse of assets, unauthorised expenditure and unacceptable employee behaviours. A substantial portion of these reports were unsubstantiated, however, perpetrators received appropriate sanctions and where necessary controls improved.
Funding risk	– the group has a detailed funding plan and liquidity gap analysis in order to facilitate adequate funding for its expansion programme and to ensure that the group's funding is at levels that result in an efficient cost of capital, while maintaining an acceptable level of risk; and – the forecast group liquidity position shows there is no cumulative liquidity gap over a five-year period. This scenario assumes forecast profits are achieved and takes into account dividend payments, capital commitments and committed facilities currently in place.
OPERATIONAL RISK Financial claims from contractual exposures	– internal controls are in place to minimise claims for damages in respect of cargo claims and third party negligence; and – insurance cover is in place in the event that a claim arises.
Loss or breakdown of key assets	– management plays a key role in ensuring that adequate insurance cover is held for all key assets; – where necessary, such insurance has been extended to business interruption cover; and – management also ensures that strategic spare parts for equipment are held in storage and that high maintenance standards are upheld.

Risk type	Management of risk
OPERATIONAL RISK (continued) Significant off-hire or loss of a ship	– the exposure to loss of charter income or revenue as the result of significant off-hire or loss of a ship is proactively managed by ensuring that high maintenance and safety standards are complied with and by using competent brokers and standard charterparty agreements; – provision is also made in the budget process for possible off-hire to minimise the effect of any lost charter income on the group's results; – lost income as a result of the loss of an owned ship is not insured, but would generally be recovered as owned ships are insured in excess of replacement values; and – insurance is in place to cover the value of ships on charter for which the group holds purchase options and newbuildings under construction.
Piracy	– the Shipping division is continually updated as to incidents of piracy and high risk trading areas; – loss of hire insurance; – existing insurance covers are sufficient in the event of a vessel and/or crew being hijacked and held for ransom; – a risk mitigation strategy is in place to reduce the risk of attacks by pirates; – vessels are required to join the transit regime and in doing so have to register with the Maritime Security Centre (Horn of Africa) and lodge their passage plan a number of days prior to entry; and – defensive measures employed on board are all passive measures and Grindrod does not enlist armed "private" escorts (on board or in convoy).
Newbuildings risk	– experience and third party expertise; – the selection of shipbuilders, considering quality versus cost; – instalments are covered by refund guarantees although there are country risks that banks may not honour the refund guarantees and there may be difficulties in legally enforcing the refund guarantees. In addition, refund guarantees may expire before contracts are expired; and – warranties, once the ship has been completed and the final instalment paid, which is usually for a year.
Falling demand for commodities	– this is managed through the use of take or pay agreements and minimum throughput guarantees.
Inadequate infrastructure risk	– this can be managed in the long-term by promoting public-private partnerships (PPPs) in the port, terminal and rail sectors.

Risk management (continued)

Risk type	Management of risk
OPERATIONAL RISK (continued) Environmental, climate change and health and safety risks	– the application of high level safety standards and use of modern, high-specification ships greatly reduces the risk of oil pollution; – environmental cover is insured under P&I policies and oil pollution has coverage of up to US$1 billion per vessel per incident; – all environmental management efforts within group subsidiaries are guided by the board approved group-wide environmental policy. A more detailed review of the management of environmental risk is set out in the environmental performance section; – the board monitors compliance with the environmental policy through bi-annual quality, health, safety, security and environmental reports; – subsidiary companies are required to formulate key environmental objectives with achievable targets and to report on performance against these targets for the year; – climate change risk is managed through the group environmental and climate change committee. A more detailed review of the management of climate change risk is set out in the environmental performance section; – occupational health and safety is managed in terms of ship-based or site-level integrated safety, health, environment and quality (SHEQ) management systems and site level health and safety committees; – senior employees in the company are required to ensure that all legal requirements are complied with and this forms part of their personal assessment; – major contractors (e.g. shipyards) are audited in terms of SHE performance on an ongoing basis; – all serious incidents are reported to the board and dealt with in the most serious light, with full investigations conducted and appropriate remedial action taken in all cases; and – further health and safety initiatives undertaken during 2010 are detailed in the occupational health and safety section of this report.
LEGAL RISK	– operating companies rely on service providers such as auditors and attorneys as well as trade associations and classification societies to keep them abreast of any significant changes in legislation; and – tax legislation and the numerous changes are regularly reviewed to ensure the group is in compliance with all relevant tax legislation. In addition, a detailed tax compliance review is carried out on a regular basis by internal audit.

Risk type	Management of risk
ORGANISATIONAL RISK Loss of key staff	– this risk is managed by ensuring competitive remuneration packages and long-term incentives, a progressive work environment, career growth opportunities and succession planning.
Industrial action	– this is managed by following the appropriate human resources and industrial relations procedures and encouraging a culture of open communication within the group. Further detail is set out in the labour relations section of the social performance report.
Information technology systems failure	– centralised IT systems are backed up with a disaster recovery plan, while the group's wide area network communications platform is serviced by a fully backed up, outsourced virtual private network (VPN); – the group invests in appropriate computer technology to ensure that business units improve efficiencies and remain globally competitive; – the targeted technology refresh cycle is between three to five years, thus avoiding the accumulation of legacy systems throughout the group; and – the information technology governance principles set out by the King III Code on Corporate Governance are addressed in the information technology section of this report.
RISKS RELATING TO FINANCIAL SERVICES	– Grindrod Bank has a separate risk committee as required by the Banks Act, which has the responsibility to manage the risks facing the Bank. These include credit, liquidity, operational, market, compliance, reputational and insurance related risks; and – a risk committee charter is in place which defines the role, objectives, responsibilities, duties and authority of the risk committee of the Bank.

Limited assurance opinion

Independent audit report on limited assurance procedures conducted on selected performance indicators

Scope

You have requested that we perform limited assurance procedures for selected performance indicators to be published in the Sustainability section of the Grindrod Limited's Annual Report for the year ended 31 December 2010. Our limited assurance procedures were conducted with the objective of expressing a conclusion on whether anything came to our attention that causes us to believe the selected performance indicators are not presented fairly. Limited assurance procedures include examining, on a test basis, evidence supporting the selected performance indicators.

The selected performance indicators are as follows:

- Direct energy consumption of the Shipping and Freight Services divisions;
- Indirect energy consumption of the Shipping and Freight Services divisions;
- Total direct and indirect greenhouse gas emissions by weight of the Shipping and Freight Services divisions;
- Monetary value of significant fines for non-compliance with environmental laws and regulations;
- Monetary value of significant fines for non-compliance with laws and regulations; and
- Lost time injuries and fatalities.

Methodology

We conducted our audit in accordance with International Standards for Assurance Engagements 3000 (Revised), "Assurance Engagements other than audits or reviews of historical financial information" ("ISAE 3000"). This standard requires that we plan and perform the procedures to obtain limited assurance that the selected performance indicators are presented fairly in accordance with the criteria set out in the Sustainability Report.

Considerations and limitations

Non-financial data is subject to greater inherent limitations than financial data, given both their nature and the methods used for determining, calculating or estimating such data. We have not undertaken to confirm that all relevant issues have been included, nor have we carried out any work on data reported in respect of future projections and targets. We have also not conducted any work outside of the agreed scope and therefore restrict our opinion to the selected performance indicators. A review of the sustainability reporting information is not intended to provide assurance on the entity's compliance with laws or regulations.

Conclusion

We noted inconsistencies relating to the classification of first aid and lost time injuries in the Freight Services Division. With the exception of this matter, based on our review conducted over the operations of Grindrod Limited, nothing has come to our attention that causes us to believe that the selected performance indicators listed above, are not fairly presented.

N le Riche
Director: Risk Advisory
Deloitte & Touche

24 March 2011

Social performance

Integrated human capital

The group recognises employees are central in maintaining its competitive position, management of sustainability, service quality, skills development, human rights, health and safety. The group therefore has established policies, committees and forums to effectively manage employee engagement and sustainability priorities.

The group's approach and overarching policy to managing employee priorities is holistic and systematic, informed by business strategy, feedback and engagement with teams, understanding of national imperatives, best practice and relevant legislation. Policy guidelines are maintained to further enhance and support decision making to create value and manage its sustainability risks. The group complies with and supports human rights and all relevant legislation across its geographic footprint, including but not limited to, within South Africa, the Basic Conditions of Employment Act, Labour Relations Act, Skills Development Act, Employment Equity Act and Occupational Health and Safety Act.

The executive management takes responsibility for Strategic Human Capital (HC) operations, in particular the oversight of enterprise wide employee programmes and initiatives, supporting the management in each subsidiary to implement the HC plan aligned to their business requirements. Sustainability targets including B-BBEE goals have been integrated into divisional, executive and senior management performance measures to further align and drive implementation.

People highlights

- 6 286 employees delivering value globally in diverse operations;
- Improved Enterprise Leadership Development Programme;
- Group wide executive and senior management succession plans;
- Growth in black representation in management by more than 10%;
- Achieved average B-BBEE Contributor Level 4; and
- R9 million spend on training of which 85% was spent on employees from designated groups.

Grindrod's cadet training programme is an industry leader in producing designated and female officers.

Social performance (continued)

Human capital highlights and initiatives

In continuing to support each business within the group, special projects have been launched. An update regarding progress is as follows:

Successes	Challenges	Way forward
Improved HR structure rolled out in South African operations.	Adapting to business changes.	Improve efficiency and standard operating procedures; and Further empower line management on employee relations.
Improvements to job profiles and remuneration equity.	Operating changes in adapting to market.	Assess implications and support.
Performance process rolled out, 458 key leaders involved to drive the process.	Improving communication and feedback skills.	Further training targeted at areas of need.
Due diligence conducted across business to align policies, 27 business critical people policies revised.	Discomfort from relinquishing existing policies.	Further change and communication interventions.
Succession plans updated group wide, from board to operations management.	Skills needed for mentoring and coaching.	Rollout of coaching and mentoring skills to support senior management.
Improved, integrated human resource information system.	Releasing full functionality and further, diverse business processes across sub-divisions.	Standardise processes where feasible; and Rollout employee and management self service.
Successful conclusion of B-BBEE verification and rating exercise, with on average Contributor Level 4 being achieved.	Despite improvements, low scores in skills development and management control.	Targets integrated into relevant human capital processes.

Workforce profile

The group's global footprint is supported by a strong southern Africa infrastructure with many of the businesses harnessing the diversity in cultural, ethnic and educational backgrounds ranging from highly qualified, experienced supply chain experts, engineers and technicians to skilled artisans.

The group's profile reflects 5 462 permanent employees and 824 contract/temporary employees. The total workforce has increased by 1 245 compared to 2009 mainly as a result of the acquisition of Fuelogic and the growth in foreign operations.

The rate of employee attrition for South African based companies was up 10% as a result of restructuring and consolidation exercises. Movement was noted particularly in release of contract and temporary staff.

The table on the next page reflects the total workforce for Grindrod, as at 31 December 2010, including permanent and temporary employees in subsidiary, joint venture and associated companies.

Number of employees	
South Africa	5 055
Rest of Africa	926
Asia	47
Europe	245
North America	1
South America	12
Total	**6 286**

Functional overview

Employee relations

Leadership supports the group culture and implementation of a collaborative approach in engaging and guiding staff informally throughout the year. At group and sub-divisional level, executive and senior management engage with front line employees formally at annual results discussions and reviewing operational performance.

Communication forums have also been established across levels and are supported by the intranet and group wide publications in providing channels of engagement, particularly to geographically dispersed staff. Further dedicated platforms have been created to enhance business development and internal innovation through identifying and driving opportunities for cross service integration and sales.

As a consequence of the economic slowdown, unionisation levels within South African based companies increased to 34% (2009: 30%) in line with general industry trend. Continued efforts to streamline businesses resulted in a limited number of restructuring initiatives. These initiatives mainly occurred in Freight Services, which has the highest level of union and bargaining council membership in the South African based companies. Management were able to minimise retrenchments and after effects of low morale, by engaging with staff and shop stewards in identifying solutions to support the business.

In supporting ongoing relations, supervisors and middle managers are continuously trained and supported by division based human resources experts in building communication platforms, managing employee issues, addressing performance challenges and administering progressive discipline.

Talent management

The group has made major strides in attracting, retaining and improving the performance of its people.

Recruitment

Adoption of an online e-recruitment service has shown major benefits, including sourcing critical technical skills through expanding talent databases and simultaneously reducing the cost of employing recruitment agencies.

Where there is business urgency or inadequate depth in the pool of candidates, the group has forged relationships with established agencies to source great talent.

Development

The group continues to grow and develop leaders at all levels. An assessment of talent availability and skills was launched to support and identify current leadership pipeline, scarce technical or specialist skills and the need for skilled designated employees in senior management and executive positions. Information from this assessment subsequently triggered the launch of integrated initiatives to grow the pool of leadership.

Management has accountability for succession strategies and integration with acquisition, skills development, performance improvement and reward processes. A portfolio of leadership programmes under the brand of LEAD (Leadership Education and Development) were developed and successfully launched to develop the leaders of tomorrow. Specific programmes included supervisory (NQF Level 3), junior (NQF Level 4) and middle management (NQF Level 5) development. The corporate social responsibility and ethical leadership is further promoted in the programme through the integration with the upliftment programme iKusasa lami. Founded by the Department of Education, the programme aims to introduce talented learners in disadvantaged schools to career opportunities and exposure in corporate environments. Each student was partnered with an employee in the middle management programme to provide opportunities for career coaching and mentoring. Further technical and soft skills programmes were taken up by staff and underpinned growth in training and development spend. The section on skills development on page 98 outlines the relevant statistics.

Performance

In achieving targets and meeting sustainability priorities, the group has revised and rolled out a process for improving the performance and growth of its people. Group companies have incorporated the process into their operations, with 458 managers undergoing training. Performance discussions are held with employees annually to recognise achievement of goals, address areas for development and define learning needed to improve productivity and career growth.

Broad-based black economic empowerment (B-BBEE) and employment equity

The group continues to contribute to improving the quality of life of all communities in partnership with government and other stakeholders. B-BBEE is therefore seen by the group as an integral component of its business and values, contributing to a fully representative workforce and broader economic transformation. In practice, the group provides preference in appointments, progression and developmental opportunities based on merit to designated employees and direct spend to socio-economic development initiatives.

There has been progress in improving the performance of group companies to achieve the target of Level 4 contributor. The verification and rating exercise launched in 2010 was successfully concluded and improvement areas identified which will be driven by the group's Strategic Human Capital (HC) steering committee.

Within Freight Services, Grindrod (South Africa) (Pty) Limited, which comprises the majority of the group's South African employees, has retained a rating of Level 3 contributor. Significant efforts and strides have been taken by those sub-holding companies yet to attain Level 4 contributor status.

Grindrod (South Africa) (Pty) Limited, previous winners of the Olive Empowerment awards, received the coveted Alex Rogoff B-BBEE award as recognition for the innovative and pioneering B-BBEE deal brokered with Calulo Petrochemicals (Pty) Limited and Adopt-A-School Foundation in 2009. Grindrod was also nominated as one of the leading gender empowerment organisations for 2010, by Top Woman In Business and Government, due to exceeding industry average performance in studies conducted.

Employment equity

All group companies have adopted an employment equity policy promoting equal opportunity and fair treatment in employment through the elimination of any discriminatory practices and prejudices. In line with group B-BBEE plans and long-term targets, employment equity forums have been established in subsidiary companies and are accountable to their executive management for driving achievement of targets in acquisition, development and progression. The group HC committee will oversee overall progress through regular reporting.

The scarcity of industry skills has negatively impacted availability of black and in particular black female candidates amongst designated employees.

In this context, the designated composition of the work force stood at 88% (2009: 84%) and in particular black representation stood at 90% (2009: 87%). Further achievements include the growth in top management representation to 15 employees (2009: 10) and middle management to 250 employees (2009: 183).

Despite efforts there has been a drop in black female representation of 17% (2009: 19%). As a consequence the HC committee will support subsidiary companies in developing black female employees into senior executive positions through integrating targets into succession, acquisition and progression plans for 2011.

The group's current demographic profile of permanent employees in South African companies per occupational level is tabled below:

- top management;
- senior management;
- middle management (professionally qualified and experienced specialists and mid-management);
- skilled (skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents);
- semi-skilled (semi-skilled and discretionary decision making); and
- least skilled (unskilled and defined decision making)

Demographic profile for South African based companies

2010	Designated								Non-designated			
										Foreign		
Occupational	Male			Female					White	Nationals		
levels	African	Coloured	Indian	African	Coloured	Indian	White	**Total**	Male	Male	Female	**Total**
Top management	2	2	7	–	–	1	3	**15**	40	–	–	**55**
Senior management	6	3	14	2	–	1	15	**41**	63	4	2	**110**
Middle management	32	7	58	7	5	24	76	**219**	93	3	–	**305**
Skilled	155	57	152	37	63	91	65	**620**	222	7	2	**851**
Semi-skilled	1 751	275	147	180	98	165	224	**2 840**	131	9	1	**2 981**
Least skilled	536	29	40	95	12	2	–	**714**	39	–	–	**753**
Total	2 482	373	418	321	178	284	383	**4 439**	558	23	5	**5 055**
Percentage	49,1	7,4	8,3	6,3	3,5	5,6	7,6		11,6	0,4	0,1	
2009												
Total	1 255	238	398	187	138	214	362	2 792	508	32	8	3 340
Percentage	37,6	7,1	11,9	5,6	4,1	6,4	10,8		15,2	1	0,2	

Skills development

Amidst the uncertain economic conditions, the board and executives recognised and recommitted to developing and retaining skills as the engine of productivity and to position the group for growth. Training spend both on formal training, professional development and on-the-job coaching increased to R9,5 million (2009: R9 million), or a 6% increase on the previous year.

Course programme	Total attendees	Designated %	Black %	Female %
Computer skills	106	83,0	62,3	46,2
Management and support	213	81,7	66,2	50,2
Mobile hoist/driver	812	84,5	79,3	10,3
Regulatory	1 150	78,3	66,0	25,5
ABET	10	100,0	100,0	60,0
Shipping	195	79,5	58,5	49,2
Continual professional development	105	88,6	70,5	32,4
Workplace effectiveness	120	83,3	63,3	51,7
Total	2 711	85,0	71,0	41,0

A total of 2 711 (2009: 2 826) employees attended courses critical to growing the business and developing their skills. Of these learners, 85% (2009: 87%) composed designated employees, 71% black designated staff and 41% female staff. The group is working on further improvements to be realised in skills development and, particularly, black and female designated staff.

The group offers a portfolio of training and development interventions including on-the-job-training, classroom and professional development at training centres and through external service providers. On average, 58% of all training and development spent in 2010 was to the advantage of black employees.

Grindrod continues to develop the pipeline of maritime skills through Unicorn's Training School which offers South African Maritime Safety Authority (SAMSA) accredited, internationally recognised training to individuals, Port Authorities and international shipping organisations. During 2010, 1 678 (2009:1 723) seafarers completed courses at the school. This number included amongst others, local and international categories of officers, ratings, cadets, auxiliary crew of cruise liners and yachtsmen.

Grindrod's cadet training programme is an industry leader in producing designated and female officers. The cadet academy continues the heritage started in 1970 through training 23 cadets (2009: 31), of which 12 were black and one female. The programme is a significant investment in skills with the cost of training an engineering cadet at R345 000 and a deck cadet at R215 000.

Human rights

Grindrod continues to uphold and respect employee human rights throughout its operations. Basic human rights are enshrined in company policy and in employment contracts. There is no child labour and forced labour within the group. There were no incidents of human rights violations during the year under review.

Employee wellness

In supporting its staff and their families, the group is evaluating rolling out an employee wellness programme (EWP) to South African subsidiary companies. Managing work and personal stress has a direct and consequential impact on continued performance of people in the group. An EWP pilot was launched to 884 employees in diverse subsidiary companies to help employees and their families deal with a broad range of personal and work-related challenges and problems. Interim metrics and survey responses from the EWP have provided positive feedback and a post-EWP evaluation study shall be conducted in 2011 which will determine the nature and scale of rollout.

HIV/AIDS

The group is committed as a responsible corporate citizen to raise awareness, educate and encourage employees to know their status, curbing the spread and impact of HIV/AIDS pandemic.

Employees are guided by the group HIV/AIDS policy which is informed by the South African national framework and leading practice. The policy protects employees from discrimination, secures disclosure without prejudice, empowers managers to support staff appropriately and promotes education and awareness.

In support of National AIDS Day, the group provided their South African based staff with free onsite testing facilities. The group also continued to contribute to corporate fundraising initiatives including National AIDS Bannerthon. On an ongoing basis, subsidiary operations offer confidential HIV/AIDS testing and counselling, training and distribution of prophylactics in support of a productive, safe and healthy workplace.

Occupational health and safety

Grindrod's health and safety objectives and targets remain simple, through full compliance with applicable legislation with a target of zero incidents, within a culture of continual improvement.

Occupational health and safety is managed in terms of site-level or ship-based integrated safety, health and environment (SHE) or SHE and quality (SHEQ) management systems. Senior employees in the company are required to ensure that all legal requirements are complied with and this forms part of their personal assessment. Wherever applicable, health and safety committees are maintained at site level, with full staff representation. Major contractors (e.g. shipyards) are audited in terms of SHE performance on an ongoing basis. All serious incidents are reported to the board and dealt with in the most serious light, with full investigations conducted and appropriate remedial action taken, in all cases.

The group's shipbuilding technical specifications have specifically banned the use of asbestos in ship construction for the last 20 years.

Total occupational health and safety investment during 2010 was R13,4 million (2009: R6,8 million).

Performance for the year in review, by division, was as follows:

Shipping

The division maintained its excellent track record, reporting only four medical treatment cases, with one lost time incidents for the year. Following an injury, incident reports are circulated throughout the fleet and discussed in "HSE stops" (safety moments used for training and awareness). The division also participates in a lessons-learned scheme with companies in the oil and gas sector and other shipping companies.

Key performance indicators	2010	2009	2008
Health and safety spend	**R2 100 989**	R2 325 071	R5 576 817
Medical treatment cases	**4**	2	3
Lost time incidents	**1**	0	1
Fatalities	**0**	0	0
Lost time injury frequency rate (per million man hours)	**0,8**	0	0,9

Freight Services

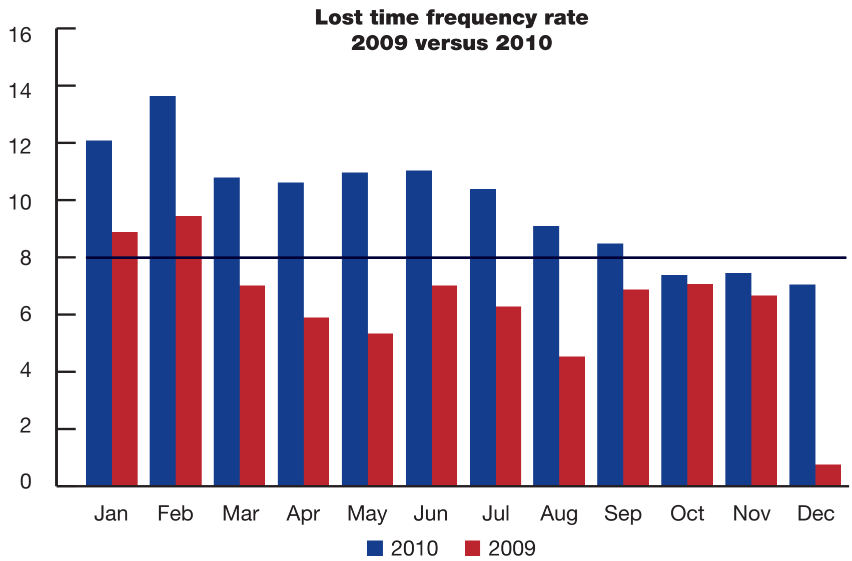
Grindrod deeply regrets the accidental deaths of two employees and a contract worker during the year. These fatalities occurred during working at heights, one drowning and one vehicle accident on a public road. All of these incidents were thoroughly investigated and appropriate corrective action steps were implemented.

Key performance indicators	2010	2009	2008
Health and safety spend	**R11 034 955**	R4 366 734	R3 282 453
Medical treatment cases	**68**	24	79
Lost time incidents	**72**	52	29
Fatalities	**2**	5	3
Injury frequency rate (per million man hours)	**5,83**	7,03	Not reported

Notes:

1. *A third fatality occurred at the MPDC Maputo site, where Grindrod has 24,7% shareholding.*
2. *Data from Fuelogic has only been included from 1 April, the date of the acquisition.*

Freight Services has shown a marked improvement in reducing its lost time frequency rate (LTIFR) in 2010.



A review of the most serious incidents and fatalities occurring within the freight services industry in recent years has highlighted a number of recurring fatality potential risks.

High risk standards have now been developed which Freight Services believe will mitigate these fatality potential risks. To reach the target of zero fatalities, controls for the management of these risks have been defined within the relevant standards for mandatory adoption by all the Freight Services business units.

In emphasising the high risk standards, Freight Services also acknowledge that there are other fatality potential risks within its operations beyond this list. The processes for hazard identification and requirements for the management of risks beyond the high risk standards are covered in additional operational safety standards.

In terms of Freight Services, a safety strategy of all business units will initiate the implementation of Occupational Health and Safety Assessment Series (OHSAS) 18001 as from September 2011 with full implementation by July 2012. Two business units, Richards Bay and Durban terminals, have already obtained this health and safety management system certification.

Freight Services completed a safety risk audit review covering key business units and has actioned recommendations stemming from the findings. Freight Services show continuous improvement year on year with an average compliance of 76% for 2010. A target of 80% compliance has been set which the division is confident will be achieved in 2011.

Trading, Financial Services and Group Services

No medical treatment cases were reported during the year (2009: two). A total of R23 420 (2009: R97 500) was spent on health and safety audits and safety equipment, within these predominantly office-based divisions.

Corporate social investment

Introduction

The company continued to centre its corporate social investment (CSI) programme around an educational theme. The projects include primary education, maritime related initiatives (conservation, sea rescue, education and raising awareness), community projects and support of staff representing the country in sport.

In some instances initiatives are managed at the business unit level and are appropriate to the circumstances of each business and community in which it operates. There were several occasions in which teams of Grindrod employees were involved in both low cost house building projects and in providing maintenance to school facilities during the year.

The group spent approximately R2 million during 2010 on its CSI programmes (2009: R2,3 million). In addition, Grindrod Bank spent R495 920 in 2010 (2009: R2,1 million).

Education and training

A full report on the internal programmes related to education, training and development within the group is referred to in the schools development sub-section of the social performance report. In particular, a full bursary scheme is available to children of employees, both for school and tertiary education with a leaning towards assisting previously disadvantaged employees.

The bursary programme for black pupils to attend high schools in KwaZulu-Natal continues. These schools included Maritzburg College, Treverton and Durban Girls College. The performance of these children is monitored in association with the management of the schools.

Grindrod continues to sponsor the Liberty Life/JSE Schools Challenge Project where school teams develop simulated investments on the market and compete on performance.

Continuing on the educational focus, Grindrod, through its association with Project Build, completed a computer centre at Hlahlindela Secondary School in Inanda Valley, as well as two classrooms at the Nhlonipho School in Amaoti, an informal settlement outside Durban, through the Indlela non-profit organisation.

Through the association of Grindrod (South Africa) (Pty) Limited with Adopt-A-School Foundation, an amount of R300 000 was allocated to effect improvements at the King Shaka High School in Umlazi, Durban. There has been a considerable improvement in the performance of students at this school following the upgrading of facilities and provision of study material and computers. The group aims to continue to partner with and develop sustainable relationships with non-governmental organisations and beneficiary schools, such as King Shaka.

The group continued its relationship with I Care, which is involved in rehabilitating orphan street children. The company sponsors the monthly cost of feeding and educating six children by this organisation.

Business development

An interest is held through the Financial Services division in SM Business Consultants, which is owned and run by black women for the management of donor funds and CSI spend.

Grindrod is a member of the South African Chamber of Commerce and has an association with the National Business Initiative. The latter organisation applies its resources to fund a diverse range of sustainable development programmes aimed at employment creation, education and schools development.

Grindrod continues to co-sponsor and participate in the KwaZulu-Natal Growth Coalition, which is a public-private partnership aimed at accelerating economic development in the province.

Community programmes

The company also made several donations to a diverse range of community upliftment initiatives. These included the provision of containers converted for storage and kitchen facilities to underprivileged schools.

Support of the International Sailors' Society directly linked to the shipping industry continued.

Stakeholder engagement

Grindrod recognises that its operations and/or activities have an impact on various stakeholders ranging from communities to investors. Grindrod is therefore committed to building and maintaining open, sustainable relationships with a range of stakeholder groups particularly in relation to long-term strategic direction and focus on sustainable practices.

2010 was the group's centenary year. A history book was published to commemorate this milestone. Further to this, the history was communicated to all stakeholders with the use of various media.

The group continues to build relationships with and seek input from key stakeholders as summarised below:

Investors

- Interim and annual results presentations provide an opportunity for investors to gain deeper insight into Grindrod's performance and outlook.
- Up to date/real-time information to support analysts is provided on the website as well as through live SENS and share price feeds.
- Engaging in one-on-one meetings with investors to ascertain their information requirements.
- Site visits and educational tours were arranged at the Richards Bay operation for institutional investors/analysts.
- Local and international investor roadshows, including roadshows in the United Kingdom, Singapore and the United States of America and one-on-one meetings with major investors, institutions and analysts during 2010.
- Progress towards meeting King III requirements and other international reporting standards as well as improved disclosure in the annual and interim reports.

Customers

- Collective meetings with partners and key customers are held regularly, both in South Africa and abroad to gain customer input to the group's services.
- Cross-marketing within the group and semi-annual regional forums allow us to share learning and better meet customer expectations. Marketing material and newsletters assist in communicating the group services and in keeping its customers informed on industry events.
- Participation in relevant conferences, exhibitions and trade fairs, both locally and internationally, keep the group abreast of industry issues and trends, some examples of these are McCloskeys Coal Conference, Coaltrans, Africa Oil Week.
- One-on-one meetings both locally and internationally, at operational levels to ensure that the group meets specific expectations of key customers.

Media

- Grindrod endeavours to keep the public and all interested parties up to date with any developments in Grindrod through the media via press announcements, press conferences and editorials.
- Representatives from the press are invited to investor feedback presentations, the annual general meeting and client functions.
- Interviews with the chief executive officer are granted on a regular basis for print and broadcast such as CNBC Africa, Summit TV, Business Report, Bloomberg, Reuters and Business Day to name a few, through which we share our experience and opinion on industry issues.

Grindrod recognises that its operations and/or activities have an impact on various stakeholders ranging from communities to investors.

Government authorities

- Continual engagement with government departments such as the Department of Transport relating to issues and/or legislation that would impact the group's businesses.
- Grindrod has fostered a close working relationship specifically with Transnet and Transnet Freight Rail to assist them in dealing with operational issues that impact the Freight Services businesses.
- Strong relationships are maintained with the Mozambique government and the port and rail authorities in the southern African countries where the group is a significant employer.
- The Shipping division has a close working relationship with the Maritime and Port authority of Singapore.
- The offshore Trading division based primarily in Singapore maintains a close working relationship with International Enterprise Singapore, which administers its Global Trader Programme.
- The relationship with the South African Reserve Bank (SARB) and the Financial Services Board are sound.
- Grindrod has a good relationship with South African Revenue Services (SARS).

Non-governmental organisations, communities and other industry interest groups

- Maritime industry forums and associations.
- Various non-governmental organisations (NGOs) for corporate social investment purposes.
- Engagement with local communities before commencing projects for example interviewed fisherman before commencing the dredging project in the port of Maputo.
- Ethics Institute of South Africa.
- Institute of Internal Auditors of South Africa.
- Institute of Directors.
- Institute of Risk Management of South Africa.
- South African Institute of Chartered Accountants.
- Institute of Chartered Shipbrokers.

Trade unions

The group has committees and reporting structures in place to engage with various unions and ongoing communication activities. Please refer to page 95 for further details.

Staff

- Internal newsletters, memoranda and the company intranet keep co-workers well informed on company progress and initiatives.
- Cross-marketing functions in every region held twice a year to facilitate knowledge sharing.
- Staff functions, strategic planning sessions and other initiatives on an operational level provide staff an opportunity to interact both professionally and socially.

Sustainability

- Johannesburg Stock Exchange's (JSE's) Socially Responsible Investment (SRI) Index.
- Carbon Disclosure Project (CDP).
- Professional sustainability, health, safety and environmental and climate change advisors, consultants and auditors.
- International Maritime Organisation (IMO).

Results announcements, press releases and other updates are communicated to subscribers on the Grindrod website at www.grindrod.co.za.

2010 Highlights

- **Improved group policy**
- **Unicorn Shipping achieves ISO 14001 certification**
- **Zero significant oil spills for fifth consecutive year**
- **Solid waste recycling target exceeded**

The development and board approval of a revised Grindrod group environmental and climate change policy early in 2010 provided the springboard for stepped-up divisional activity in this important area of the business during the year. This policy can be found on the company website.

The group environmental and climate change committee functioned for its first full year since inception in 2009. This committee, which brings together divisional-level senior management with responsibilities in this area, held two meetings during the year, with ongoing communications among its members in between meetings. This year "environmental management and climate change" was also introduced by the chief executive officer as a regular agenda item to the Grindrod executive meetings.

The Shipping division achieved, for the fifth year in a row, its target of zero significant oil spills (more than one barrel of oil) for all ships under Grindrod control. Grindrod is particularly proud of this achievement.

Significant progress was made during the year on the implementation of ISO 14001 environmental management systems (EMS) throughout the group. Details can be found in the review below.

Towards the end of 2010, Freight Services completed a divisional climate change strategy and implementation plan, which will serve as a working model for other divisions. The plan focuses on practical steps that the division is to take to drive improvements in understanding and reducing its carbon footprint. Similar plans will be developed during 2011 for the other divisions, with a particular focus on shipping.

The Trading division cautiously started investigating opportunities related to trading carbon during the year, seen as a growth market globally and will continue to do so into 2011.

The company has taken note of the release (in November 2010) of the draft South African National Climate Change Response Green Paper. Potential market changes that may flow from this national initiative could impact on the business significantly and include proposed new carbon taxes (e.g. vehicle carbon emissions taxes) and incentives (e.g. lower fuel taxes "to encourage cleaner fuels, e.g. cleaner diesel").

The company will follow developments in this dynamic area closely in 2011 and the company's response to the climate change imperative in terms of reducing risks and seizing market opportunities will form a key focus of the group's environmental and climate change programme in 2011.

The reporting year ended with external auditors, Deloitte & Touche conducting a limited assurance report, focusing particularly on selected environmental indicators within Freight Services and Shipping, the two divisions with the largest environmental footprint within the group. The limited assurance statement is set out on page 92. The auditor's recommendations will be incorporated into the work programme for 2011.

Scope and methodology

This environmental and climate change report covers Grindrod's global footprint. In setting its organisation boundaries for reporting greenhouse gas (GHG) or carbon emissions and by implication its other environmental KPI's, Grindrod has from this year, adopted the operational control approach, as defined by the international GHG Protocol. The company previously reported emissions using an equity-share approach.

The company has moved to this approach which includes clear objectives and targets for operational improvement in terms of climate change performance

Grindrod has used the GHG Protocol definition for operational control which states that *"A company has operational control over an operation if the former or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation."* To this end, Grindrod has excluded data from assets which are partly owned by the company, but operated by another company unless the company has the ability to influence management decisions (such as ships within the Lauritzen pool).

In terms of determining whether the company has operational control or not, key criteria include whether Grindrod has the ability to impose or directly implement the development of ISO 14001 environmental management systems (EMSs) and contractual and staffing arrangements on ships.

In line with the GHG Protocol's definition of operational control, Grindrod has disclosed 100% of emissions from entities it does have operational control over and 0% of emissions for entities where, regardless of equity shareholding, Grindrod does not have "full authority to introduce and implement its operating policies".

Implications, in terms of marine-based operations of the reporting scope change are discussed in the Shipping division section and that of land-based operations in the Freight Services section, of the report below.

Measurement of and reporting on, environmental KPI within Grindrod is also guided by:

- The Global Reporting Initiative's (GRI) environmental indicator guidelines (including the pilot sector supplement for the logistics and transportation industry);
- The JSE's Social Responsibility Index (SRI) environmental reporting requirements; and
- Best practice within the global shipping and transport industries. Grindrod conducts an annual benchmarking exercise of applicable peer group companies.

In terms of Grindrod's Carbon Disclosure Project (CDP) disclosure, 2010 will now serve as the new base year, following the adoption of an operational control approach to reporting GHG emissions.

Progress in 2010 with achieving environmental objectives and targets	
IMPROVING ENVIRONMENTAL AND CLIMATE CHANGE DATA MANAGEMENT AND REPORTING	Improvement on the completeness and accuracy of environmental data collection from the diverse group of companies that comprises Grindrod. Grindrod moved closer to its objective and target of reporting on 100% of its global operational footprint. Omissions, in terms of business units covered were a few (less than 10) smaller office-based operations around the world with small (less than 10) staff members. These have been identified and will be included from 2012. Completeness of data (in terms of sites reporting) is estimated to be 95% – 98%, close to the 100% target. Grindrod reported on 100% of ships that it has operational control over. Credibility was improved this year as a result of the assurance report compiled by Deloitte. Data extrapolations were only made where measured data could be applied to incomplete data points. 95+% of fuel and electricity data was measured. Accuracy was also improved this year as a result of the audit conducted by Deloitte.
EXCEEDING LEGAL COMPLIANCE	Grindrod will at all times and in all jurisdictions meet and, where feasible, exceed environmental regulatory requirements, as well as all other industry requirements to which the company subscribes. All companies and sites are required to comply in full with all applicable environmental legislation and local by-laws. There were no material incidents of and fines (exceeding R1 million) or non-monetary sanctions for, non-compliance with applicable environmental regulations in any jurisdiction that the company operated in during the year in review. As verified by internal audits, all vessels operated by the Shipping division were once again fully compliant with MARPOL (International Convention for the Prevention of Pollution from Ships) – both with respect to solid and liquid waste, as well as Annex VI that deals with air pollution from ships and hold Documents of Compliance issued by the relevant maritime authorities in terms of International Maritime Organisation (IMO) legislation. Routine audits during the year ensured that all Grindrod ships were fully compliant with low sulphur fuel requirements for designated shipping areas (e.g. parts of the EU). Land and ship-based ISO 14001 environmental management systems (see next section) require ongoing review of legal compliance and include relevant legal registers that detail compliance requirements with relevant acts, regulations and bylaws.
ADOPT A SYSTEMATIC APPROACH	Environmental management will be conducted following a systematic approach, based on, or where appropriate compliant with, ISO 14001. Where feasible, companies and vessels will develop integrated safety, health, environmental and quality management systems, that include regular audits. The group moved closer to achieving the stated objective of having formalised EMS's based on ISO 14001 at all major land-based sites within the Freight Services division and on all ships over which the company has operational control within the Shipping division, by 2012. Of the 39 sites where Freight Services has operational control, two are ISO 14001 certified and 30 are on track to be certification ready by mid-2011, with a target of 100% sites' certified by the end of 2012. Unicorn Shipping was pleased to receive ISO 14001 certification in December 2010. The scope includes the seven ships under Unicorn management as well as shore-based crewing services. The five bulk carriers that IVS has operational control of maintained their ISO 14001 certification status.

Progress in 2010 with achieving environmental objectives and targets

Unicorn Shipping was pleased to receive ISO 14001 certification in December 2010. The scope includes the seven ships under Unicorn management as well as shore-based crewing services. The five bulk carriers that IVS has operational control maintained their ISO 14001 certification status.

In addition, all ships are subject to regular safety health environment and quality (SHEQ) audits by the company's major oil customers, underwriters, certification and other bodies. Fleet Managers within the group also conduct stringent internal SHEQ audits on a half yearly basis.

MARINE BIODIVERSITY IMPACTS: OBJECTIVE AND TARGET – ZERO MATERIAL POLLUTION OF THE WORLD'S MARINE ECOSYSTEMS

Minimise impacts on marine ecosystems through rigorous onboard management systems, ongoing training and awareness and audits against international marine pollution prevention standards.

Measures that Grindrod continues to have in place to prevent marine pollution and impact on marine biodiversity include:

- Continued non-use of Tributyltin (TBT) or lead containing anti-fouling paint;
- All vessels under Grindrod's control have Ballast Management Plans that comply with IMO requirements, to minimise the potential impacts related to ballast water (spreading invasive marine organisms between ecosystems);
- A growing number of vessels under Grindrod's control are being certified to the "Cleanship" standard (see http://www.cleanship.info/). These vessels are not allowed to dispose of any waste (solid or liquid) whilst at sea. Two vessels (Berg and Breede) received Bureau Veritas "Cleanship" notation in 2009 and retained this status in 2010. The Kowie, which will be in full commission in 2011, will also carry this certification.
- Grindrod maintained its policy of not transporting any hazardous waste;
- A range of other measures are being undertaken on an ongoing basis to ensure full compliance with MARPOL (see "Exceeding Legal Compliance" section above and Shipping section below).

Continuous improvements to on-board management systems (driven by ISO 14001 now in place on all company operated vessels), ongoing training, investment in safer ships and other measures being implemented will assist in keeping Grindrod's excellent record of minimising impacts on marine ecosystems.

To minimise potential impacts to marine ecosystems as a result of collisions and groundings, 100% of oil and chemical tankers owned by Grindrod will have double hull constructions and/or to be constructed with materials designed to minimise corrosion and to promote robustness and longevity and to have onboard navigation and safety equipment that is the best available.

All of Grindrod operated tankers are double-hulled. In addition, fuel tanks are located away from the side of the ship, to provide extra protection (known as double hull effect). Tensile steel has been minimised on all tankers to reduce the chance of metal fatigue associated with high tensile steel.

Grindrod's ships' cargo tanks are divided into sections and bund containment is fitted on all deck areas. All future vessel builds will be in compliance with this policy.

Progress in 2010 with achieving environmental objectives and targets

MARINE BIODIVERSITY IMPACTS: OBJECTIVE AND TARGET – ZERO MATERIAL POLLUTION OF THE WORLD'S MARINE ECOSYSTEMS (continued)	Ships wastewater discharge and solid waste disposal whilst at sea to be strict compliance with MARPOL. Ship's wastewater (galley wastewater, domestic/toilet and bilge water) is discharged directly into the sea while vessels are under way in strict compliance with MARPOL. Biodegradable waste generated in all ships is disposed of at sea or incinerated onboard in strict compliance with MARPOL. Solid waste and waste oils are separated on board and where possible incinerated, in strict compliance with the relevant provisions of MARPOL. Any waste that may contain heavy metals is not incinerated onboard. All company-run ships maintain garbage logs (for solid waste) and safe disposal receipts for any solid waste landed. Improving on-board management systems (driven by introduction of ISO 14001 on all vessels) and regular audits will ensure ongoing compliance with MARPOL. Zero significant oil spills (more than one barrel of oil) for all ships under Grindrod's control. The Shipping division achieved this target, for the fifth year in a row.
LAND-BASED BIODIVERSITY IMPACTS: OBJECTIVE AND TARGET – ZERO MATERIAL POLLUTION OF TERRESTRIAL ECOSYSTEMS	Minimise impacts on terrestrial ecosystems through rigorous management systems, ongoing training and awareness and environmental risk audits of sites. All new land-based developments to comply in full with environmental impact assessment (EIA) regulations and approval conditions. Grindrod's land-based operations store and transport materials which pose a pollution risk. The following environmental pollution incidents occurred within the Freight Services division. In all cases appropriate remediation action was taken: • In July, 6 900 litres of diesel were spilled when a driver did not follow safe work procedures and overfilled a vehicle tank at a customer site; • At terminal operations in Walvis Bay, approximately 4 tonnes of copper concentrate was spilled on the ground during loading of a vessel; • At the Coal Terminal in the port of Matola in Mozambique, a bulk fuel line operated by the site's landlord ruptured, resulting in an unknown volume of diesel being spilled onto the site; • Terminal operations in Durban experienced two pollution incidents: An unknown volume of fertilizer dye (agrotain) was not sufficiently contained and spilled out onto the road adjacent to the site. In October, a truck spilled approximately 3 tonnes of molasses on the road on route to the terminal; • One of the Auto Carrier trucks leaked 150 litres of diesel at a truck stop in East London. Continuous improvements to site-level environmental management, driven by the development of ISO 14001 EMSs within the Freight Services division, which comprises more than 98% of land-based environmental risks to the group, were made during the year, to reduce the likelihood, frequency and severity of incidents. Freight Services received an environmental authorisation during 2010 from the KwaZulu-Natal Department of Agriculture, Environmental Affairs and Rural Development for the proposed expansion of three terminal bulk material facilities in Richards Bay, following the completion of an EIA in 2009. The EIA found that if mitigation measures are implemented the proposed development would have minimal impacts on biodiversity and traffic. All approval conditions will be complied with as the development goes ahead and mitigation measures will be included in site management plans.

Progress in 2010 with achieving environmental objectives and targets

USING NATURAL RESOURCES EFFICIENTLY AND MINIMISING WASTE – WATER AND WASTEWATER REDUCTION	Reduce normalised water consumption and the resulting wastewater effluent, within the group by 10% by 2012. Absolute water usage in 2010, at 199 315 kilolitres, was marginally (2%) higher than 2009 (195 555 kilolitres). The vast majority – 94% (93% in 2009) of this water footprint was generated by the Freight Services division, which uses large amounts of water to wash machinery, conveyor belts, containers and vehicles at some sites. Normalised water consumption for the year was 0.01 litres of water per ZAR of revenue (Grindrod group) and 47,72 kilolitres per full time equivalent (FTE) for the year (where water could be matched with FTE). The target is to reduce these measures by 10% within the next two years and to maintain this level thereafter. Efforts will be focused within Freight Services, where water and wastewater reduction programmes now form a key element of the ISO 14001 environmental management plans being implemented. Water conservation efforts concluded in the year under review included: • repairing leaks and replacing old pipes at the Maydon Wharf terminals, resulting in a significant decrease in water consumption at this site compared to 2009; • the development by Grindrod Intermodal of a new container wash machine which utilises 70% less water than normal washbays. Most ships under Grindrod's control have onboard systems that generate their own water – up to 20 kilolitres per day (only approximately 8 kilolitres is required per day). The majority of Grindrod ships and all new generation ships purchased, have non-water-based vacuum-operated sewerage treatment plants, minimising discharge of effluent at sea.
USING NATURAL RESOURCES EFFICIENTLY AND MINIMISING WASTE – SOLID WASTE REDUCTION	Improve material recycling to 10% of total solid waste by 2012 Total solid waste generated for the year (7 564 tonnes) was 6% up from 2009 (7 156 tonnes), with the increase partially attributable to improved completeness in reporting. However, recycling efforts during the year increased the proportion of waste being recycled from 1,33% in 2009 to 20% (a total of 1 522 tonnes of solid waste was recycled in 2010) and in so doing exceeding the above goal set in 2009. The improvement target has now been revised to maintaining a 20% average recycling effort as a minimum, to continue to explore recycling opportunities (particularly within Freight Services) and to strive for 30% recycling of solid waste by 2015.
USING NATURAL RESOURCES EFFICIENTLY AND MINIMISING WASTE – TRANSPORT-RELATED AIR EMISSIONS – POLLUTION REDUCTION	Reduce ship-based sulphur oxide (SOx) and nitrous oxide (NOx) emissions per NM (nautical miles) travelled by 5% by 2015. Similarly, reduce land-based SOx and NOx emissions per km travelled by 5% by 2015. Sulphur oxide (SOx) and nitrogen oxide (NOx) emissions are the two key pollutants resulting from the burning of fossil fuels and are used as the KPI for air pollution by Grindrod. Efforts to date have focused on improving the reporting of ship and vehicle fuel usage within the group, being the source of 95+% of air pollution for the group. Grindrod does not have any significant stationary/site-based sources of air pollution. While options are limited as the "cleanness" of fuels used both on land and at sea is out of the company's control, Grindrod has committed to reducing normalised air pollution from these sources (using SOx and NOx as the KPI and 2010 as the baseline).

Progress in 2010 with achieving environmental objectives and targets

USING NATURAL RESOURCES EFFICIENTLY AND MINIMISING WASTE – TRANSPORT-RELATED AIR EMISSIONS – POLLUTION REDUCTION (continued)

SOx and NOx emissions from land-based vehicles has dropped significantly as a result of the introduction of new fuel specifications in South Africa in recent years. Since 2002 sulphur content in diesel has dropped from 5 500 ppm to 500 ppm (and 50 ppm for premium-grade diesel) and from 2005 sulphur content in ULP petrol has dropped from 1 000 ppm to 500 ppm. From 2006, lead was phased out completely from South African petrol. The expected launch in early 2011 by the South African Minister of Energy of the "Cleaner Fuels Two (CF2)" initiative, aimed to further tighten fuel specifications and standards in an effort to align them with improved vehicle technology and the regulation of emissions that emanate from vehicles, will drive through further improvements in emissions.

Reporting exact SOx and NOx from land-based vehicle use remains a challenge as these emissions depend on vehicle-specific criteria (e.g. the relative efficacy of individual catalytic converters to remove these pollutants). This will be looked at closer in 2011.

Likewise the Shipping division is starting to benefit from the introduction of clean air legislation in a number of shipping jurisdictions (e.g. increasing parts of EU waters) and the resulting market availability of cleaner fuel in and around these jurisdictions. A total of 8% of all marine fuel combusted in 2010 was low sulphur fuel oil (LSFO).

Besides market-driven trends towards cleaner fuel availability, measures that the two divisions are undertaking and will undertake to meet these targets are outlined below.

The Shipping division will look to the following initiatives in the future:

- Optimising vessels' main engines for the most efficient fuel consumption at 90% maximum continuous rating (implemented);
- Fitting diesel tune systems to ships engines to optimise main engine performance so as to reduce fuel consumption and emissions (two ships were fitted in 2009);
- Fitting vessels with power management systems that automatically match the electrical output to the demand in order to save energy, fuel and produce fewer emissions (underway);
- Fitting dedicated low-sulphur fuel oil tanks to vessels (four ships have been fitted to date).

The Freight Services division will meet this objective and target by:

- Ensuring all vehicles are maintained and serviced regularly to optimise engine efficiency and reduce unnecessary exhaust emissions (underway and ongoing);
- Regulating driver speed and routing to reduce consumption and maximise fuel efficiency (underway and ongoing);
- Ensuring payload on carriers is optimised to reduce the number of trips needed to deliver required volume (underway and ongoing);
- Purchasing more fuel-efficient vehicles and retrofitting existing vehicles to improve fuel efficiency;
- Conducting a review of the company's transport fleet in terms of the status of exhaust catalytic converters and implement a retrofit programme to replace any older catalytic converters; and
- Setting a policy that all new diesel trucks purchased from 2010 are of the Euro 4 standard.

Progress in 2010 with achieving environmental objectives and targets

REDUCING CLIMATE CHANGE IMPACTS

Reduce ship-based GHG emissions (CO_2-e) per tonne/NM by an average (across the fleet) of 5% by 2015

Reduce land-based GHG emissions per km by an average (across the transport fleet) by 5% by 2015.

Mobile combustion of petroleum-based fuels in ships, vehicles, locomotives and site-based equipment such as front-end loaders and forklifts and the resulting CO_2 emissions, comprises 86% of Grindrod's total estimated carbon footprint (see breakdown below). Fuel is a major cost item for both marine and land-based operations within Grindrod. For this reason all staff are incentivised to look for and implement fuel (and therefore cost) savings and efficiencies. These efforts go hand in hand with reducing normalised GHG emissions and air pollution.

Using 2010 as the baseline, Grindrod has committed to reducing normalised GHG emissions from both its ships and its transport fleet by 5% over the next five years. Initial performance figures are presented in the table below.

The same initiatives aimed at reducing air pollution (previous objective and target) will assist in reducing normalised GHG emissions from shipping and land-based transport.

Reduce normalised land-based Scope 2 electricity usage by 5% by 2015.

As per the revised group policy, this year serves as the base year for this objective and target. Normalisation of this KPI is proving challenging, given the wide range of businesses within the group (from large area port operations with relatively few staff and large energy demand to small area office based operations with low energy demand per staff member).

Normalised GHG emissions (in CO_2-e) from Scope 2 electricity usage for 2010 was 0,62 grams CO_2-e per Rand Revenue. Within Freight Services it was also possible to provide normalisation per full time equivalent (FTE). The average tonnes CO_2-e per FTE for this division was 5.18. Further development of this sub-indicator (looking to match Scope 2 electricity consumption footprint with FTE) will be undertaken in 2011.

Energy efficiency management plans, that form part of business unit-level ISO 14001 EMSs, are identifying and implementing energy saving opportunities within the group and will assist in the achievement of this goal.

Developing a long-term carbon reductions strategy

As indicated, the overwhelming majority of Grindrod's GHG emissions come from the burning of fossil fuels (petrol, diesel and marine fuels) in our transport vehicles and ships. This will therefore dictate where improvement efforts are focussed, both over the short to medium-term (covered above), as well as the longer term (10 – 20 years+).

While the short to medium-term objectives and targets focus on driving operational efficiencies, we believe that longer-term reductions in GHG emissions related to transport activities will come more from technological and market changes.

Over the next 10 – 20 years Freight Services therefore plans to phase out inefficient petrol and diesel burning vehicles as and when new and alternative (including hybrid) engine technologies become available. Likewise Grindrod Shipping will favour new ship builds that incorporate innovative design and new engine technologies as and when they become available. These could include the use of modern sails, alternative fuels (e.g. LPG and LNG) and super-efficient ship designs.

Grindrod's longer-term reductions strategy is to reduce normalised land-based and ship-based GHG emissions by 20% by 2030 from the 2010 baseline.

Environmental performance (continued)

Progress in 2010 with achieving environmental objectives and targets	
ESTABLISHING A CULTURE OF ENVIRONMENTAL RESPONSIBILITY	In recognition that Grindrod's environmental efforts are only as good as the commitment of the company's people, Grindrod will promote environmental awareness and responsibility among employees and develop a culture of eco-efficiency and ecological responsibility. Grindrod's chief executive officer assumes overall responsibility for the group's environmental performance and the group environmental and climate change committee reports to him. Environmental and climate change risk forms part of the mandate of the board-level risk committee. The group appointed a group-level environmental and climate change advisor, who is assisting in coordinating best practices throughout the group, establishing improved monitoring and reporting systems and engaged in capacity building of senior managers and executives throughout the group. Both Shipping and Freight Services have full-time senior level Safety, Health and Environment (SHE) Managers. Environmental training and awareness at all levels of the organisation continued throughout 2010. The incorporation of environmental management performance indicators as part of senior executive performance assessments has been formalised for 2011.
CARRY ADEQUATE ENVIRONMENTAL RISK INSURANCE	All of the above efforts significantly lower Grindrod's environmental risks. However, the company is also adequately covered in the event of a major shipping accident. Protection and Indemnity Club cover of US$1 billion is maintained for each ship, accident or collision for oil pollution and resultant environmental liabilities imposed by international convention, national legislation or common law.

Environmental footprint summary – consolidated group key performance indicators and three-year trends

Due to the change in reporting approach (from equity share to operational control), year on year comparisons of performance for some indicators are not accurate/valid.

Key performance indicators	2010	2009	2008
Water and wastewater (kilolitres)			
Water usage	**199 315**	195 555	125 000
Land-based water utilisation (kilolitres)			
Domestic office use discharged to municipal sewer	**75 994 (39,5%)**	–	–
Domestic/office use – not to municipal sewer (e.g. soak away)	**183 (0,1%)**	–	–
Washing vehicles and equipment discharged to municipal sewer	**61 152 (31,8%)**	–	–
Washing vehicles and equipment – discharged to ground/ stormwater	**28 146 (14,6%)**	–	–
Dust suppression – to atmosphere or stormwater system	**20 409 (10,6%)**	–	–
Other	**6 464 (3,4%)**	NR	NR
Solid waste			
Total solid waste generated (tonnes)	**7 564**	7 156	151 (incomplete reporting)
General and hazardous waste – to landfill (tonnes)	**5 971 (79%)**	7 050	478
MARPOL Category 1 – 6 waste – disposed of at sea or incinerated at sea in accordance with MARPOL (tonnes)	**71 (1%)**	10	37
Total solid waste recycled (tonnes)	**1 522 (20%)**	96 (1,3% of total)	NR
Energy, fuel and air emissions			
Total electricity usage (kWh)	**23 483 422**	16 248 260	15 093 464
Diesel usage in land-based vehicles (kilolitres)	**27 909**	20 063	18 671
Petrol usage in land-based vehicles (kilolitres)	**533**	250	497
LPG in land-based vehicles (tonnes)	**1,8**	NR	NR
Heavy oil usage in land-based vehicles (kilolitres)	**16**	NR	NR
Air pollution – SOx emitted (tonnes)	**2 778**	234	183
Air pollution – NOx emitted (tonnes)	**3 618**	41	38
Scope 1 and 2 GHG emissions (tonnes CO_2-e)*	**280 731**	363 394	450 000
GHG emissions including Scope 3 emissions (tonnes CO_2-e) *	**294 446**	335 331	450 000
GHG emissions intensity (gCO_2-e per Rand revenue)	**9,75**	12,11	13
Total energy consumption Scope 1 and 2 (GJ)	**3 539 194**	NR	NR
Energy intensity (MJ per Rand revenue)	**0,12**	NR	NR

** See breakdown in table on page 116.*

NR – not reported

Grindrod group GHG emissions – breakdown by GHG protocol scope

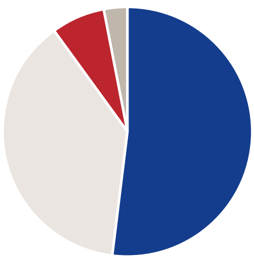
		Group totals		2010 Divisional analysis			
		2010	2009	Freight Services	Shipping	Trading	Financial Services and head office
SCOPE 1	Combustion of fuel in ships where company has operational control	**145 879**	265 969		142 956	2 922	
	Company owned and/or operated vehicles	**105 307**	75 048	105 561	55	46	
	Combustion in stationary fuel-burning equipment (generators and boilers)	**589**	34	588			1
	HFC refrigerant gases	**9 787**	331	8 606	1 180		
	Scope 1 subtotal	**261 561**	341 382	114 755	144 192	2 968	1
SCOPE 2	Purchased electricity	**19 170**	13 963	16 242	2	427	2 498
SCOPE 3 and other	Purchased electricity – rented out to third parties	**712**	NR				712
	Business air travel	**6 323**	NR		513		5 810
	Business travel – car rental	**16**	NR				16
	HCFCs and other non-Kyoto gases	**289**	NR	272			17
	Waste sent to landfill	**6 375**	NR	6 188	171	16	
	Scope 3 and other subtotal	**13 715**	8 049	6 460	683	16	6 555
TOTALS	Metric tonnes of CO_2-e	**294 446**	363 394	137 457	144 878	3 411	9 054
	Percentage contribution (%)	**100**		45,56	49,20	1,16	3,08
	GHG emissions intensity (gCO_2-e per Rand revenue)	**9,75**		51,87	33,98	0,15	46,47

(All figures in metric tonnes CO_2-e; NR – not reported)

Notes:

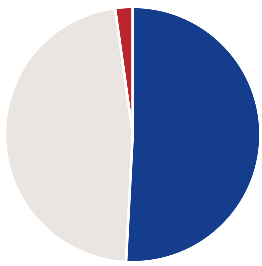
1. *The change in approach to reporting GHG emissions from an equity share approach to an operational control approach, as outlined in the Scope and Methodology section, meant that shipping emissions were reduced in 2010 compared to 2009.*
2. *As can be seen, the 2010 inventory was more complete in terms of covering indirect, scope 3 emissions.*
3. *2009 scope 1 emissions from ships and vehicles have been restated, using the new IMO conversion factors for ships emissions and the more accurate calorific value conversion factors used for land-based fuel combustion in 2010.*
4. *2009 electricity was previously reported as scope 2 and 3. These have now been combined as scope 2 in terms of the new operational control approach.*

Grindrod's carbon footprint (Scope 1 and 2)



Combustion of marine fuels in ships	52%
Land-based combustion of diesel and petrol	38%
Electricity usage	7%
Other sources	3%

Divisional carbon footprint contribution (Scope 1 and 2)



Shipping	51%
Freight Services	47%
Trading, Financial Services and Group Services	2%

Divisional environmental performance

SHIPPING

Air pollution including greenhouse gases, NOx and SOx particulates and ozone depleting substances

Fuel, paint, lubricants and cleaning chemicals

Disposal on land: solid waste; hazardous waste (paints, used oil, cleaning chemicals etc), sewage and end-of-life ships

Disposal at sea: biodegradable waste, ballast water, bilge water, sewage and grey water

Key environmental inputs and outputs for Shipping division's marine activities

This division comprises fleets of modern dry cargo vessels, product and chemical tankers and bunker tankers trading globally, with small office-based land-side operations.

Emissions from ship-based fuel combustion (consisting of Marine Diesel Oil (MDO), Heavy Fuel Oil – now split into Heavy Sulphur Fuel Oil (HSFO) and Low Sulphur Fuel Oil (LSFO)) on ships operated by Unicorn, Island View Shipping, Unical, as well as contributions from two bunker barges owned by Cockett Marine Oil (Trading division) comprised 49% of Grindrod's total carbon footprint. Fuel emissions from Cockett Marine Oil are included under Trading.

Marine operations where Grindrod or Grindrod-owned subsidiaries have joint financial control over operations, but not operational control as defined in the Scope and Methodology section above, include ship's owned and operated by OACL (Grindrod, through Freight Services has a 49% stake in this company), Unicorn's participation in the Dorado Tanker pool (operated by managed by Heidenreich Marine Inc.) and the Stolt Tankers Joint Service Pool (operated by Stolt-Nielsen Ltd). Emissions and other environmental KPI from these ships have been excluded.

Also excluded are emissions from vessels owned by Grindrod but chartered out to other third parties and chartered in vessels, where similarly Grindrod has no operational control over where these vessels go, how they are operated or how much fuel they use (even if the company, as in some cases, pays for fuel). These include vessels owned by IVS and Unicorn that are chartered out with no operational control and chartered-in vessels not operated by IVS but from which this subsidiary derives income.

Vessels that are chartered out but where Grindrod has sufficient operational control include five tankers owned by Unicorn (which received ISO 14001 EMS certification in December 2010) and chartered out to oil majors. Emissions (and other environmental KPI) from these vessels have been included despite the fact that Grindrod does not have full control over fuel consumption or efficiency.

Entities where Grindrod has limited financial control or minority equity shareholding but does have sufficient operational control to influence emissions reductions strategies, include Lauritzen pooled vessels (currently five vessels) owned by IVS. All of these vessels are certified to ISO 14001. 100% of the emissions (and other environmental KPI) from these ships have been included.

Grindrod controlled vessels have a range of adaptations and management systems in place to ensure full compliance with MARPOL (International Convention for the Prevention of Pollution from Ships) requirements, Grindrod keeps records of water consumption, solid waste and NOx and SOx emissions from vessels that it has operational control over. All vessels can generate potable water from sea water and consumption is therefore kept to a minimum.

Onboard pollution prevention measures not discussed in the marine pollution prevention introductory section of the environmental report above, include:

- Onboard biological sewage plants that break down, neutralise and sterilise waste effluent before disposal at sea;
- A range of ship design features (onboard sumps, drains, contained areas, slop tanks etc.) and people management measures (operational procedures, management plans and audits) that collectively minimise the potential for discharge of any onboard spills and/or leaks;
- Investments in modern navigation and communications technologies to assist with passage planning and storm avoidance.

In December 2010, seven Unicorn vessels received ISO 14001 certification status and the five IVS vessels that Grindrod has operational control over maintained their ISO 14001 status.

As a result of having these measures in place, the Shipping Division achieved, for the fifth year in a row, their target of zero significant oil spills (more than one barrel of oil) for all ships under Grindrod's control.

New initiatives, besides the ISO 14001 EMS programme, that are being planned to include:

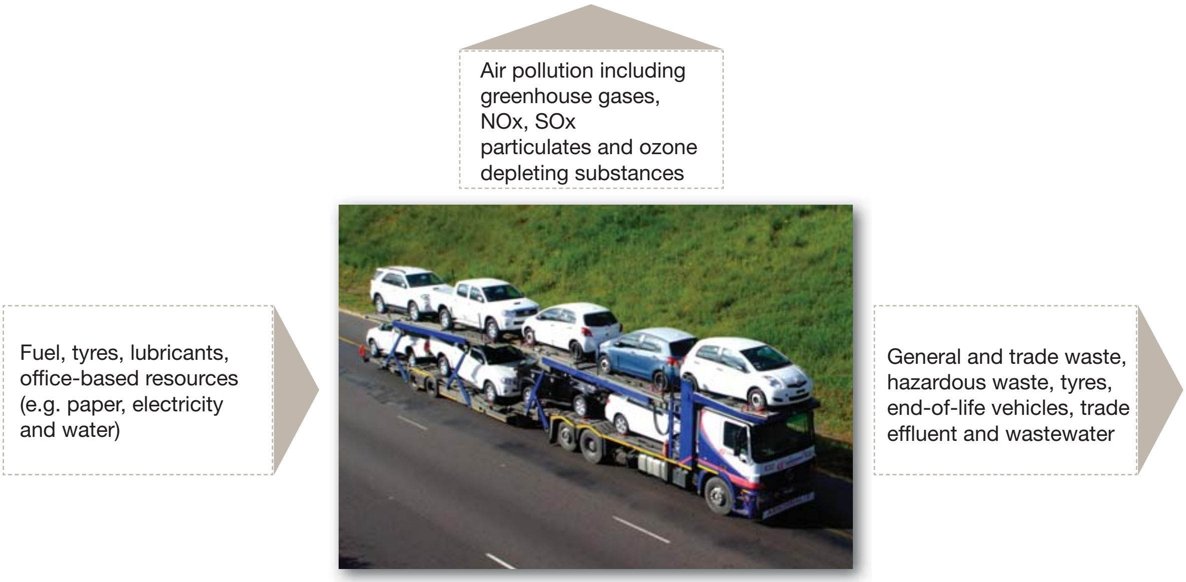
- The development of a Grindrod shipping climate change strategy and implementation plan;
- The improvement of onboard reporting systems so as to track CO_2-e efficiency (CO_2-e per tonne-NM as per IMO guidelines) more effectively.

Environmental footprint – Shipping

Key performance indicators	2010	2009	2008
Water and wastewater (kilolitres)			
Water usage (kilolitres) not including water generated onboard at sea	**6 967**	NR	NR
Untreated effluent (domestic) – disposed of at sea in accordance with MARPOL (kilolitres)	**7 193**	1 390	NR
Treated effluent – disposed of at sea in accordance with MARPOL (kilolitres)	**3 572**	4 799	2 277
Land-based wastewater – reported as part of group figures			
Solid waste (tonnes)			
Total solid waste generated (tonnes)	**226**	296	390
MARPOL category 1 – 6 waste – disposed of to licensed landfill sites (tonnes)	**155**	269	84
MARPOL category 1 – 6 waste – disposed of at sea or incinerated at sea in accordance with MARPOL (tonnes)	**71**	10	37
Total solid waste recycled (tonnes)	**–**	17	–
Energy, fuel and air emissions			
Total electricity usage (kWh)	**Included in group total figures**		
Total marine diesel oil (MDO) consumed (tonnes)	**3 173**	3 214	6 718
Heavy sulphur fuel oil (HSFO) consumed (tonnes) – previously reported as heavy fuel oil (HFO)	**41 205**	–	101 784
Intermediate fuel oil consumed (tonnes)	**–**	61 035	Included in above figure
Low sulphur fuel oil (LSFO) consumed (tonnes)	**3 778**	–	–
Diesel usage in land-based vehicles (kilolitres)	**7,1**	As part of group total	As part of group total
Petrol usage in land-based vehicles (kilolitres)	**8,7**	As part of group total	As part of group total
Air pollution – SOx emitted (tonnes)	**2 750**	214	164
Air pollution – NOx emitted (tonnes)	**2 538**	41	38
SOx (tonnes) per 1 000 NM	**7,79**	NR	NR
NOx (tonnes) per 1 000 NM	**5,72**	NR	NR
Average per-ship CO_2 emissions efficiency (as per IMO guidelines) (gCO_2-e per tonne-NM)	**10,44**	9,09	12
Range per-ship CO_2 emissions efficiency (gCO_2 per tonne-NM)	**3,12 – 27,52**	5,48 – 30,86	2 – 33

NR – not reported

FREIGHT SERVICES



Key environmental inputs and outputs for Freight Services division

This division comprises business units undertaking freight transport and business units supporting the freight transport industry in southern Africa. Grindrod Logistics undertakes road freight transport. There is also joint venture involvement in rail and sea freight transport. The other business units in the division provide the interface between sea and land freight transportation such as terminals, stevedoring and intermodal. The Freight Services division owns and operates over 1 100 road vehicles throughout southern Africa.

In terms of land-based operations and holdings held within Freight Services, the adoption of an operational approach has resulted in 100% of the emissions emanating from the following companies being included for the first time (with Grindrod shareholding shown): RRL (50%), Vanguard (50%) and Röhlig-Grindrod (50%). Land-based emissions from OACL, as with ships' emissions mentioned above, have been excluded. Emissions from MPDC, a non-incorporated joint venture where Grindrod does have joint financial control, but does not have operational control as defined, have been excluded.

The business units providing a service to the freight industry (including terminals, stevedoring, Intermodal) are the greatest water users. As a division, Freight Services consumes 92% of the group's total water consumption.

The combustion of land-based fuel (diesel and petrol) within Freight Services was a major contributor to the group's total C footprint, comprising 50% of the group total C footprint.

Use of electricity, use and storage of oil, fuel, cleaning agents and generation of industrial waste and effluent, are the other key environmental aspects associated with these business units.

During the year, the Freight Services division made significant progress towards expanding and deepening its environmental and climate change management strategy. The senior-level Health, Safety and Environment (HSE) Manager appointed in 2009 functioned in conjunction with the divisional-level environmental and climate change committee (which convened several times during 2010) to drive risk reduction and eco-efficiency programmes within the division. Highlights include:

- The completion of the environmental risk audit programme covering key business units and the actioning of recommendations stemming from this audit (incorporated into EMS management plans);
- Progress with the roll out of the ISO 14001 EMS programme. As indicated earlier in the introduction section, the division is on track to have all designated sites certified by 2012;
- The new divisional climate change strategy and implementation plan, which was finalised towards the end of 2010, will be implemented from 2011 and used in conjunction with the business-unit level ISO 14001 EMS's to drive the changes required for the division to meet its obligations in terms of the objectives and targets contained in the group Environmental Policy.

Other specific new initiatives that are being planned for 2011 include:

- The initiation of a project at Freight Services' Fleet Management Centre to investigate the feasibility of using 5% biodiesel in the fuel mix;
- The development of a green policy for all procurement (covering plant, equipment, materials and services);
- The introduction of a divisional-wide intranet-based environmental health and safety reporting tool that will assist in collating and managing environmental and safety KPI on a monthly basis from 2011 onwards.

Environmental performance (continued)

Environmental footprint – Freight Services

Key performance indicators	2010	2009	2008
Water and wastewater (kilolitres)			
Water usage (kilolitres)	**184 272**	182 589	111 187
Where this water was utilised (and where it ended up) (figures in kilolitres):			
Domestic office use discharged to municipal sewer	**67 918 (37%)**	NR	NR
Domestic/office use – not to municipal sewer (e.g. soak away)	**183 (0,1%)**	NR	NR
Washing vehicles and equipment discharged to municipal sewer	**61 152 (33%)**	NR	NR
Washing vehicles and equipment – discharged to ground/stormwater	**28 146 (15%)**	NR	NR
Dust suppression – to atmosphere or stormwater system	**20 409 (11%)**	NR	NR
Other	**6 464 (4%)**	NR	NR
Solid waste (tonnes)			
Total solid waste generated (tonnes)	**7 318**	6 810	592
General and hazardous waste – to landfill (tonnes)	**5 800**	6 734	592
Total solid waste recycled (tonnes)	**1 518 (21% of total)**	76	NR
Energy, fuel and air emissions			
Total electricity usage (kilowatts)	**20 553 196**	14 869 673	14 538 700
Diesel usage in land-based vehicles (kilolitres)	**27 900**	20 062	18 653
Petrol usage in land-based vehicles (kilolitres)	**511**	196	448
LPG in land-based vehicles (tonnes)	**1,79**	NR	NR
Heavy oil usage in land-based vehicles (kilolitres)	**15,6**	NR	NR
Air pollution – SOx emitted (tonnes) (estimated)	**28,41**	20,26	19,10
Air pollution – NOx emitted (tonnes) (estimated)	**906**	NR	NR
SOx (tonnes) per 1 000 km	**0,45**	NR	NR
NOx (tonnes) per 1 000 km	**17,05**	NR	NR
Fleet fuel efficiency (kilogram CO_2 per kilometre)	**Fleet Services fleet average: Diesel – 1,68 Petrol – 0,30 Rest of Freight Services: Diesel – 0,94 Petrol – 0,28**	Auto carriers – 1,18 Logistics furniture – 0,89 Bulk transport – 1,36	NR

NR – not reported

TRADING

The Trading division (comprising Oreport, Cockett and Atlas Trading and Shipping) has offices in South Africa, the United Kingdom, France, Brazil, Hong Kong, Singapore, Korea and China.

The main direct environmental impacts are office based, such as electricity use, paper use, waste generation and greenhouse gas emissions from company cars. Office activities also result in generation of hazardous waste, including fluorescent light bulbs and redundant electronic equipment (e-waste).

The Trading division generated 20 tonnes of office waste, of which 4,36 tonnes (22%) was recycled. The aim is to improve this to 50% by 2015.

Electricity consumption for 2010 was 502 491 kWh, with the majority of this coming from the Oreport offices in Johannesburg (62% of the total).

Emissions from the consumption of fuel in Cockett Marine's new UK-based bunker operation are reported on for the first time (see group GHG emissions summary table on page 116).

The Trading division is currently investigating activities that aim to both reduce the Grindrod group footprint and include carbon credits in the portfolio of traded commodities.

HEAD OFFICE AND FINANCIAL SERVICES

Head office's buildings and Financial Services combined KPIs comprise the smallest environmental footprint for the group, consisting of office-based operations in South Africa (mostly in Durban). As with the Trading division, the main direct environmental impacts are office based. Environmental KPIs for 2010 have been included in the group analysis on page 115 of this report.

Management changes to improve eco-efficiency of operations within these buildings include plans for an improved solid waste handling facility, the inclusion of power management attributes prior to acquiring new IT equipment and the switch to a single data centre (historically individual data centres were employed).

G3 GRI content index

The following table provides a summary of Grindrod's reporting against the criteria of the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines.

NR – Not reported N/A – Not applicable

	Disclosures and indicators	Comments or page reference
1.	**Strategy and analysis**	
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1.2	Description of key impacts, risks and opportunities	4 – 9
2.	**Organisational profile**	
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2.2	Primary brands, products and/or services	2, 3, 8, 9
2.3	Operational structure of the organisation	2, 3
2.4	Location of organisation's headquarters	221
2.5	Number of countries where the organisation operates	10, 11
2.6	Nature of ownership and legal form	221
2.7	Markets served	10, 11
2.8	Scale of the reporting organisation	10, 11
2.9	Significant changes during the reporting period	1, 8, 9
2.10	Awards received in the reporting period	8, 47, 65, 69
3.	**Report parameters**	
3.1	Reporting period	Jan – Dec
3.2	Date of most recent previous report (if any)	2010
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions regarding the report or its contents	221
3.5	Process for defining report content	107
3.6	Boundary of the report	107
3.7	State any specific limitations on the scope or boundary of the report	107
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities and outsourced operations	107
3.9	Data measurement techniques and the bases of calculations	64, 107
3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement	107
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	107
3.12	Table identifying the location of the standard disclosures in the report	124 – 128
3.13	Policy and current practice with regard to seeking external assurance for the report	65, 77, 78, 92
4.	**Governance, commitments and engagement**	
4.1	Governance structure	66 – 73
4.2	Indicate whether the chair of the highest governance body is also an executive officer	No
4.3	Number of members of the highest governance body that are independent and/or non-executive	66
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	213 – 216
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives and the organisation's performance	70, 79 – 85
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	66, 68
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics	66, 68
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	64, 66
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance	66 – 70

	Disclosures and indicators	Comments or page reference
4.	**Governance, commitments and engagement (continued)**	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	66 – 70
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	NR
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	64
4.13	Memberships in significant and influential associations	104, 105
4.14 – 4.17	Stakeholder engagement	104, 105
	ECONOMIC INDICATORS	
Economic performance		
EC1	Direct economic value generated and distributed	64
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	90, 113
EC3	Coverage of the organisation's defined benefit plan obligations	79, 80, 85
EC4	Significant financial assistance received from government	None
Market presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	NR
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	96
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	96
Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or *pro bono* engagement	102, 103
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	102, 103
	ENVIRONMENTAL INDICATORS	
Materials		
EN1	Materials used by weight or volume	115
EN2	Percentage of materials used that are recycled input materials	115
Energy		
EN3	Direct energy consumption by primary energy source	115
EN4	Indirect energy consumption by primary source	115
EN5	Energy saved due to conservation and efficiency improvements	113
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	113
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	113, 115
Water		
EN8	Total water withdrawal by source	111
EN9	Water sources significantly affected by withdrawal of water	N/A
EN10	Percentage and total volume of water recycled and reused	111

G3 GRI content index (continued)

	Disclosures and indicators	Comments or page reference
	ENVIRONMENTAL INDICATORS (continued)	
Biodiversity		
EN11, EN12	Description of impacts on biodiversity	109, 110
EN13	Habitats protected or restored	109, 110
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	109, 110
EN15	Number of endangered species affected by operations	N/A
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	116
EN17	Other relevant indirect greenhouse gas emissions by weight	116
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	113
EN19	Emissions of ozone-depleting substances by weight	115
EN20	NOx, SOx and other significant air emissions by type and weight	112, 115
EN21	Total water discharge by quality and destination	111
EN22	Total weight of waste by type and disposal method	111, 115
EN23	Total number and volume of significant spills	110, None significant
EN24	Transport of hazardous waste	109
EN25	Identity, size, protected status and biodiversity value of water bodies significantly affected by the reporting organisation's discharges of water and runoff	N/A
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	108 – 114
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	N/A
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	110, None significant
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations	108 – 114
Overall		
EN30	Total environmental protection expenditures and investments by type	NR
	SOCIAL: LABOUR PRACTICES AND DECENT WORK	
Employment		
LA1	Total workforce by employment type, employment contract and region	94, 95
LA2	Total number and rate of employee turnover by age group, gender and region	97
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	98, 99
Labour/management relations		
LA4	Percentage of employees covered by collective bargaining agreement	95
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	NR

	Disclosures and indicators	Comments or page reference
	SOCIAL: LABOUR PRACTICES AND DECENT WORK (continued)	
Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	NR
LA7	Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region	99 – 101
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	99 – 101
LA9	Health and safety topics covered in formal agreements with trade unions	NR
Training and education		
LA10	Average hours of training per year per employee by employee category	NR
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	98
LA12	Percentage of employees receiving regular performance and career development reviews	98
Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	97, 98
LA14	Ratio of basic salary of men to women by employee category	NR
	SOCIAL: HUMAN RIGHTS	
Diversity and equal opportunity		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	NR
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	NR
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	NR
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken	None
Freedom of association and collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights	None
Child labour		
HR6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour	None
Forced and compulsory labour		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour	None
Security practices		
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	NR
Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people	None

G3 GRI content index (continued)

	Disclosures and indicators	Comments or page reference
	SOCIAL: SOCIETY	
Community		
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	NR
Corruption		
SO2	Percentage and total number of business units analysed for risks related to corruption	NR
SO3	Percentage of employees trained in organisation's anti-corruption policies/procedures	NR
SO4	Actions taken in response to incidents of corruption	None required
Public policy		
SO5	Public policy positions and participation in public policy development and lobbying	105
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Zero
Anti-competitive behaviour		
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices	None
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None
	SOCIAL: PRODUCT RESPONSIBILITY	
Customer health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures	NR
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	N/A
Product and service labelling		
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	NR
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	53, 56, 57, 104
Marketing communications		
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	NR
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	N/A
Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None

Contents

Directors’ responsibility for financial reporting

for the year ended 31 December 2010

The directors of the group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The group’s independent external auditors, Deloitte & Touche have audited the annual financial statements and their unmodified report appears on page 131.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, to adequately safeguard, verify and maintain accountability of assets, to ensure all liabilities are recorded and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the group will not remain a going concern for the foreseeable future.

The annual financial statements set out on pages 148 to 208 were approved by the board of directors on 23 February 2011 and are signed on their behalf by:

IAJ Clark
Chairman

AK Olivier
Chief executive officer

Certificate by company secretary

for the year ended 31 December 2010

In terms of section 268G(d) of the South African Companies Act, 1973, as amended (the Act), I, certify that Grindrod Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.

CAS Robertson
Company secretary

Durban
23 February 2011

Independent auditor's report

TO THE MEMBERS OF GRINDROD LIMITED

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Grindrod Limited which comprise the directors' report, the audit committee report, the statement of financial position and consolidated statement of financial position as at 31 December 2010, the income statement and consolidated income statement, the statement of changes in equity and consolidated statement of changes in equity, the statement of comprehensive income and consolidated statement of consolidated income, statement of cash flows and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 76 to 78, 81 to 84 and 132 to 207.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group as at 31 December 2010 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Registered auditor
Per R Ebrahim
Partner

Durban
23 February 2011

2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4051

Directors' report

The directors have pleasure in presenting their annual report which forms part of the annual financial statements of the company and of the group for the year ended 31 December 2010.

Nature of business
The nature of the group's business is set out under the divisional reviews.

Financial results
The financial results for the year ended 31 December 2010 are set out in detail on pages 148 to 207 of these annual financial statements.

Year-end review
The year under review is fully covered in the chairman's, the chief executive's and the financial director's reviews.

Share capital
Details of the authorised and issued shares are shown on page 178 and the share analysis is shown on pages 210 to 211. The directors proposed that the authority granted to them to control the unissued shares reserved for the share option scheme be renewed.

The directors propose that the general authority granted to them to repurchase ordinary shares as opportunities present themselves be renewed at the forthcoming annual general meeting.

The issued share capital increased by 1 600 000 ordinary shares as a result of the allotment and issue of new shares in terms of the Grindrod Limited share option scheme during the year under review.

Dividends
The directors have declared a final dividend of 27 cents per ordinary share (2009: 30 cents). Dividends paid or payable in respect of the year were as follows:

	Date of declaration (cents)	Last day to trade cum-dividend	Trading ex-dividend commences	Record date	Payment date	Amount per share (cents)
Interim	18.08.2010	03.09.2010	06.09.2010	10.09.2010	13.09.2010	27
Final	23.02.2011	11.03.2011	14.03.2011	18.03.2011	22.03.2011	27

The directors have also declared a dividend of 386 cents per preference share (2009: 428) which will be paid on the same day as the final dividend to ordinary shareholders.

Directors
Brief curricula vitae of the current directors are given on pages 14 to 17. Details of directors' remuneration and the share option schemes appear on pages 81 to 84.

Changes in directorate
Messrs RA Norton and TJT McClure retired as directors on 19 May 2010 and 31 July 2010, respectively. Mr AG Waller has been appointed Financial Director with effect from 1 March 2011, in place of Mr AF Stewart who will continue as a director. The appointment of Mr AG Waller will be confirmed at the annual general meeting.

According to the company's articles of association, at the forthcoming annual general meeting, Messrs H Adams, WD Geach, AK Olivier and DA Rennie retire by rotation. All are eligible and have offered themselves for re-election.

Company secretary and registered office
The company secretary is Mr CAS Robertson and his address and that of the registered office are as follows:

Business address
Quadrant House
115 Margaret Mncadi Avenue
Durban 4001
South Africa

Postal address
PO Box 1
Durban 4000
South Africa

Subsidiary companies

Information on subsidiary and associated companies is contained on pages 161 to 163 and 198 to 199 respectively. Reviews of the businesses and performance of the main operating subsidiary companies are covered in the divisional reviews on pages 34 to 63.

Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 December 2009 except for the adoption of new or revised accounting standards, interpretations and circulars and restatements which are described below.

None of the changes below have impacted the 31 December 2008 statement of financial position and has therefore not been re-presented.

The group adopted accounting standards and interpretations that became applicable during the current financial year.

Of the amendments included in the Improvements to IFRS, the following standards had an impact on the group's accounting policies and methods of computation:

- IFRS 3 – Business Combinations;
- IAS 27 – Consolidated and Separate Financial Statements, and
- IAS 28 – Investments in Associates.

The adoption of the above standards impacts the group as follows:

- Any excess arising from the buy-out of non-controlling interests is recognised in equity;
- Transaction related costs for new acquisitions are expensed in the statement of comprehensive income; and
- Non-controlling interests' share in accumulated losses above the equity they contributed.

Amendments to these standards as noted above have been applied prospectively and have no material impact to the statement of comprehensive income and the statement of financial position.

Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the company are detailed on pages 210 and 211 of the annual report.

Special resolutions

A renewal of authority for the company or its subsidiaries to repurchase its own shares was obtained at the 2010 annual general meeting.

There have been no special resolutions other than those referred to in this report passed by the company or its subsidiaries, the nature of which might be significant to members in their appreciation of the state of affairs of the group.

Employee retirement benefit plans

Details of the group's employee retirement benefit plans are separately disclosed in note 19.

Holding company

Grindrod Limited has no holding company at 31 December 2010.

Auditors

Deloitte & Touche will continue in office in accordance with section 270(2) of the South African Companies Act.

Subsequent events

No material change has taken place in the affairs of the group between the end of the financial year and the date of this report.

Accounting policies

for the year ended 31 December 2010

BASIS OF PREPARATION

Accounting framework

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) using the historical cost convention except for certain financial instruments that are stated at fair value.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted as detailed in note 1 to the financial statements.

Underlying concepts

The financial statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standards. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss. Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the group and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the entity and the cost or fair value can be measured reliably.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or expired.

Foreign currencies

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

The financial statements of entities within the group whose functional currencies are different to the group's presentation currency, which is South African Rand, are translated as follows:

- assets, including goodwill and liabilities at exchange rates ruling on the reporting date;
- income items, expense items and cash flows at the average exchange rates for the period; and
- equity items at the exchange rate ruling when they arose.

Resulting exchange differences are recognised in other comprehensive income and accumulated in equity. On disposal of such a business unit, this reserve is recognised in profit or loss as part of the gain or loss on disposal.

In the case of a partial disposal that does not result in the group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the group's ownership interest in associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

Segmental reporting
Segment accounting policies are consistent with those adopted for the preparation of the group financial statements. The principal segments of the group have been identified on a primary basis by business segment which is representative of the internal reporting used for management purposes as well as the source and nature of business risks and returns.

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment and consist principally of ships, property, terminals, vehicles and equipment, as well as current assets. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments. All intra-segment transactions are eliminated on consolidation.

Events after the reporting period date
Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provide additional evidence of conditions that existed at such date. Events after the reporting period date that are indicative of conditions that arose after the reporting period date are dealt with by way of a note.

Comparative figures
Comparative figures are restated in the event of a change in accounting policy or a prior period error.

COMPANY FINANCIAL STATEMENTS
Subsidiaries, associates and joint ventures
Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the company are recognised at cost.

CONSOLIDATED FINANCIAL STATEMENTS
Interests in subsidiaries
The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the company and all entities controlled by the company (its subsidiaries) as if they were a single economic entity. Control is achieved where the company has the power to govern the financial and operating policies of the acquired entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All material inter-company balances and transactions are eliminated.

Non-controlling interests in the net assets of consolidated subsidiaries are shown separately from the group equity therein. It consists of the amount of those interests at acquisition plus the non-controlling interests' subsequent share of changes in equity of the subsidiary. On acquisition, the non-controlling interests that are present entitle their holders to a proportionate share of the entity's net assets. In the event of liquidation the non-controlling interests' is measured at the proportionate share of the recognised amounts of the acquiree's identifiable net assets. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit, unless there is doubt as to the recoverability of the deficit. Non-controlling interests are considered to be equity participants and all transactions with non-controlling interests' are recorded directly within equity.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

– deferred taxation assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
– assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Interests in associate companies
An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The consolidated financial statements incorporate the assets, liabilities, income and expenses of associates using the equity method of accounting from the acquisition date to the disposal date, except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments. Losses of associates in excess of the group's interest are only recognised to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Goodwill arising on the acquisition of associates is accounted for in accordance with the accounting policy for goodwill as set out below but is included in the carrying amount of the associate.

Where a group entity transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate.

Interests in joint ventures
A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale and discontinued operations. The group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

FINANCIAL STATEMENT ITEMS

STATEMENT OF FINANCIAL POSITION

Ships, property, terminals, vehicles and equipment

Ships are measured at cost less accumulated depreciation and any impairment losses. Cost comprising acquisition costs and costs directly related to the acquisition up until the time when the asset is ready for use, including interest expense incurred during the period. The market average useful life of a ship is estimated to range from 25 to 30 years at which point it would usually be scrapped. The group maintains a young fleet compared to the market average and estimates useful life as 15 years from date of delivery for new ships. Ships are depreciated on the straight-line basis to an estimated residual value over their useful life to the group. Borrowing costs incurred in the financing of the acquisition of ships prior to their delivery are capitalised to the cost of the ships.

From time to time the group's vessels are required to be dry-docked for inspection and re-licensing at which time major repairs and maintenance that cannot be performed while the vessels are in operation are generally performed. The group capitalises the costs associated with dry-docking as they occur by adding them to the cost of the vessel and amortises these costs on the straight-line basis over 2,5 years, which is generally the period until the next scheduled dry-docking.

In the cases where the dry-docking takes place earlier than 2,5 years since the previous one, the carrying amount of the previous dry-docking is derecognised. In the event of a vessel sale, the respective carrying values of dry-docking costs are derecognised together with the vessel's carrying amount at the time of sale. At the date of acquisition of a vessel, management estimates the component of the cost that corresponds to the economic benefit to be derived until the next scheduled dry-docking of the vessel under the ownership of the group and this component is depreciated on the straight-line basis over the remaining period to the estimated dry-docking date.

Terminals, vehicles and equipment are reflected at cost and are depreciated over their estimated useful lives to their estimated residual values, on the straight-line basis as follows:

Locomotives	15 years
Terminals and machinery	5 – 20 years
Information technology equipment	3 – 5 years
Vehicles	3 – 10 years

Depreciation commences when the assets are ready for their intended use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

Assets that are held for rental are initially classified as ships, property, terminals, vehicles and equipment. When these assets cease to be rented and a decision is made to sell these assets, the carrying amount is transferred to current assets (inventories) as held for sale. Upon sale of the held for sale assets, the sales value is recorded in gross revenue and the related carrying value of these assets recorded in cost of sales.

Freehold land is reflected at cost and not depreciated. Buildings are reflected at cost and depreciated to estimated residual values over their useful lives to the group, currently estimated at 50 years from the date of acquisition. Where the estimated residual value exceeds the cost, depreciation is not provided.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Expenditure relating to leasehold properties is capitalised and depreciated over the period of the lease or 25 years, whichever is the lesser period.

Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or joint venture recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generated unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous SA GAAP amounts subject to being tested for impairment at that date.

If, on a business combination, the fair value of the group's interest in the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, this excess is recognised in profit or loss immediately.

Other intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It includes purchased long-term contracts and certain costs of purchase and installation of major information systems (including packaged software).

Intangible assets acquired separately are initially recognised at cost or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, it is not amortised but tested for impairment annually and impaired, if necessary. If assessed as having a finite useful life, it is amortised over its useful life using the straight-line basis and tested for impairment if there is an indication that it may be impaired.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Deferred taxation assets and liabilities

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits (including unused credits for secondary tax on companies). Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Loans and advances

Advances designated as loans and receivables are recognised at amortised cost using the effective interest rate method less any impairment. Fixed rate advances which have been hedged are held at fair value through profit and loss and are remeasured to fair value through the profit or loss at each subsequent reporting date.

Exposures are considered past due where the facility has expired and the Bank is not considering renewal of the facility or where expected cash flows on the facility are more than one month in arrears. Past due exposures are considered impaired and a specific provision/impairment amount is raised based on the carrying amount less the expected realisable value of the security held but as a minimum, the amount should be equivalent to the regulatory requirement.

Advances are assessed for indicators of impairment and impairments are accounted for when there is objective evidence that the estimated future cash flows from the assets/advances have been negatively impaired by events occurring subsequent to initial recognition. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Advances considered to be irrecoverable are written off to the extent that the loss can be reliably measured.

Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal group are available for immediate sale in their present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Immediately prior to being classified as held for sale the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale it is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories which include merchandise, bunkers on board ships and other consumable stores are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined on the weighted average or first-in-first-out basis. Spares on board ships are charged against income when issued to the ships.

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

Agricultural and other commodities are valued at fair value less costs to sell. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

Financial assets

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets designated as held at fair value through profit or loss are expensed.

Investments classified as held-to-maturity financial assets are measured at amortised cost, using the effective interest rate method, less any impairment losses recognised to reflect irrecoverable amounts.

Financial assets are accounted for at fair value through profit or loss where the financial asset is either classified as held for trading or is designated as held at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Investment banking portfolio assets are classified as held for trading and are recognised on a settlement basis. These investments are initially measured at cost, including transaction costs and are re-measured to fair value at each subsequent reporting date. Changes in fair value are recognised in profit or loss when they arise.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost, using the effective interest rate method, less provision for doubtful debts, which is determined as set out under impairment of assets below. Items with extended terms are initially recorded at the present value of future cash flows and interest income is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised through the statement of comprehensive income and accumulated in equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Derivatives that are assets are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges. The fair value of derivative assets is classified as non-current assets if the remaining maturity of the instruments are more than and they are not expected to be realised within, 12 months.

Cash and cash equivalents are measured at fair value.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not designated as held at fair value through profit or loss.

Financial liabilities

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liabilities are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial liabilities designated as held at fair value through profit or loss are expensed.

Financial liabilities are accounted for at fair value through profit or loss where the financial liability is either held for trading or it is designated as held at fair value through profit or loss.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities held at fair value through profit or loss or classified as held for trading are measured at amortised cost, using the effective interest rate method. Items with extended terms are initially recorded at the present value of future cash flows. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs.

Non-derivative financial liabilities that are designated on initial recognition as financial liabilities held at fair value through profit or loss or classified as held for trading are measured at fair value, with changes in fair value being included in net profit or loss.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract and the host contract is not designated as held at fair value through profit or loss.

Post-employment benefit obligations

The group operates a defined benefit pension plan as well as two defined contribution provident funds.

Current contributions to the group's defined contribution funds are charged against income when incurred. The cost of providing benefits to the group's defined benefit plan and the obligation in respect of post-retirement medical aid are determined and provided using the projected unit credit actuarial valuation method. Contribution rates to the defined benefit plan are adjusted for any unfavourable experience adjustments. Favourable experience adjustments are retained within the fund. Actuarial surpluses are brought to account in the group's financial statements only when it is clear that economic benefits will be available to the group.

The group's estimated liability in respect of post-retirement medical benefits has been fully provided for in the statement of financial position.

The group operates a share option scheme. The proceeds on share options are credited to share capital when exercised.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

Onerous contracts

Full provision is made for the present obligations of the unavoidable future costs of fulfilling the terms of onerous ship charter contracts or contracts of affreightment to which the group is committed.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 Revenue.

Equity

Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

INCOME STATEMENT

Revenue

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Included in revenue are net invoiced sales to customers for goods and services, ship and locomotive sales, freight, charter hire, handling fee revenue, commission and financial institution interest and fee income.

Revenue is measured at the fair value of the consideration received or receivable. Cash and settlement discounts, rebates, value added taxation and other indirect taxes are excluded from revenue. Where extended terms are granted, interest income is accounted for over the term until payment is received.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

– the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
– the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
– the amount of revenue can be measured reliably;
– it is probable that the economic benefits associated with the transaction will flow to the entity; and
– the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Charter hire is recognised on a daily accrual basis. Freight revenue is recognised on completion of the voyage and for incompleted voyages at year-end on the percentage completion basis. Results of incompleted voyages are included based on estimated voyage result and voyage time elapsed. Anticipated losses for contracts arising on incompleted voyages are provided for in full.

Where the group acts as agent and is remunerated on a commission basis, only the commission is included in revenue. Where the group acts as principal, the total value of business handled is included in revenue.

Fee income and share of profits earned on origination of advances is deferred and recognised on a yield to maturity basis over the average life of the relevant advances. Where the receipt of knowledge based fee income and share of profits is deferred by contractual agreement, the present value of the fee income and share of profits is recognised upfront and the accretion is recognised over the duration of contractual receipt or the end of the contract.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income is recognised on a time proportion basis which takes into account the effective yield on the asset. Interest income includes the amount of amortisation of any discount or premium.

Ship and locomotive sales are recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Cost of sales

When inventories and held for sale inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Borrowing costs

Borrowing costs (net of investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets) directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Non-trading items

Non-trading items cover those amounts that are not considered to be of an operating/trading nature and generally include re-measurements due to:

- impairments of goodwill and non-current assets;
- gains and losses on the measurement to fair value less costs to sell (or on the disposal) of assets or disposal groups constituting discontinued operations;
- gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale;
- gains and losses on the disposal of property, terminals, vehicles and equipment;
- recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the group's presentation currency;
- recycling through profit or loss of fair value gains and losses previously recognised directly in equity upon the disposal of available-for-sale financial assets and realisation of hedges of a net investment in a foreign operation; and
- the group's proportionate share of exceptional items (determined on the same basis) of associates and joint ventures.

Re-measurements to fair value of other financial instruments (including amounts recycled through profit or loss under cash flow hedges that were previously recognised directly in equity) are not included in non-trading items.

Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to taxable income.

Secondary taxation on companies (STC) is recognised as part of the current taxation charge when the related dividend is declared. Deferred taxation is recognised if dividends received in the current year can be offset against future dividend payments to the extent of the reduction of future STC.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

TRANSACTIONS AND EVENTS

Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in profit or loss.

If a cash flow hedge meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in the statement of comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses accumulated in equity are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses accumulated in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. On disposal of a foreign entity, the gain or loss accumulated in equity is transferred to profit or loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when for cash flow hedges the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in equity until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

Derivatives
The group enters into derivative financial instruments in order to manage its exposure to interest rate and foreign exchange rate risk which have a cash flow impact. This includes forward exchange contracts, cross currency and interest rate swaps, futures, options and forward freight swap agreements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at each reporting date. The resultant gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

Impairment of assets
At each reporting date the carrying amount of tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use, included in the calculation of the recoverable amount, is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. The impairment loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on financial assets as well as trade and other receivables are determined based on specific and objective evidence that assets are impaired and are measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

Goodwill and intangible assets with indefinite useful lives or not available for use and the cash-generating units to which these assets have been allocated, are tested for impairment annually even if there is no indication of impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination at inception. Impairment losses recognised on goodwill are not subsequently reversed. The attributable amount of goodwill is included in the profit or loss on disposal when the associated business is sold.

Leasing

Classification

Leases are classified as finance leases, whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, or operating leases at the inception of the lease.

In the capacity of a lessor

Amounts due from lessees under a finance lease are recognised as receivables at the amount of the group's net investment in the lease, which includes initial direct costs. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease.

In the capacity of a lessee

Finance leases are recognised as assets and liabilities of the group at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit and loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the obligations, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on the straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on the straight-line basis over the lease term.

Government grants

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Discontinued operations

The results of discontinued operations are presented separately in the income statement and the assets and liabilities associated with these operations are included with non-current assets held for sale in the statement of financial position.

Share-based payments

Equity-settled share options

Executive directors, senior executives and other employees have been granted equity-settled share options in terms of the Grindrod Limited Share Option Scheme.

Equity settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant and recognised in profit or loss on the straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured using a binomial pricing model.

Cash-settled share-based payments

Share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is remeasured annually until settled and any changes in value are recognised in profit or loss. Fair value is measured using a binomial pricing model.

Treasury shares
Treasury shares are equity instruments of the company, held by other members of the consolidated group.

All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

Financial guarantee contracts
Financial guarantee contracts are accounted for in terms of IFRS 4 Insurance Contracts and consequently are measured initially at cost and thereafter, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Judgements made by management
Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Asset lives and residual values
Property, terminals, vehicles and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Shipping maintains a young fleet of ships and generally aims to replace vessels that are 15 years or older. As a result, vessels are depreciated over 15 years to the expected residual value of a vessel of a similar age and specification. Management reassesses the depreciation period of vessels that surpass this limit with special consideration of the condition of the vessel and the purpose for which the vessel was retained in the fleet. The estimated life is considered at each reporting period.

Residual values of the ships are reassessed by management at each reporting period based on the current shipping markets and the movement of the markets over the previous five years, the age of the vessel, the specifications and the condition of the vessel. The current market related scrap values for demolitions in the Far East and India are used for older vessels.

Deferred taxation assets
Deferred taxation assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Three-year business plans are prepared annually and approved by the board of the company and its major operating subsidiaries. These plans include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

The plans contain profit forecasts and cash flows and these are utilised in the assessment of the recoverability of deferred taxation assets. Deferred taxation assets are also recognised on STC credits to the extent it is probable that future dividends will be available to utilise these credits.

Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred taxation assets are recoverable.

Impairment of assets
Goodwill and intangible assets with indefinite useful lives are considered for impairment at least annually. Property, terminals, vehicles and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Ships (owned and leased) and ships under construction are considered for impairment at least annually.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

Cash flows which are utilised in these assessments are extracted from formal three-year business plans which are updated annually.

Onerous contract provisions

Full provision is made for the present obligations of the unavoidable future costs of fulfilling the terms of onerous ship charter contracts or contracts of affreightment to which the group is committed.

Management has estimated the onerous contract provisions based on expected ship running costs, fuel costs and freight rates for the remaining period of the charter contracts and contracts of affreightment (based on the entire pool earnings). The estimates have been made with reference to the current expenditure and current freight rates and market projections from reputable business partners.

Post-employment benefit obligations

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, discount rates, expected long-term rates of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

Judgement is exercised by management, assisted by advisors, in adjusting mortality rates to take account of actual mortality rates within the schemes.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Percentage completion of voyages

The stage of completion of a voyage is determined by calculating the total number of actual days from the loading of the cargo at the commencement of a voyage to the period end, divided by the total estimated number of days from loading to discharging the cargo.

The duration of a voyage depends on the size of the vessel being loaded, cargo type and quantity, vessel speed as well as delays occasioned by weather or due to congestion at load or discharge ports.

Fair value of derivative financial instruments

The ship purchase option is revalued on a monthly basis over the period of the agreement to an estimated value of a vessel of a similar age and specification at the contract end. This is dependent on management's expectations and movements in the shipping markets.

Valuations of forward freight agreements (FFAs)

The FFAs are valued by comparing the strike price of the instrument against the estimated market spot earnings for the period that the instrument has been contracted for. Management makes use of projected market earnings from reliable shipping brokers in order to assess the expected profits or losses from the transaction.

Statements of financial position

as at 31 December 2010

	Notes	Group 2010 R000	Group 2009 R000	Group 2008 R000	Company 2010 R000	Company 2009 R000	Company 2008 R000
ASSETS							
Non-current assets							
Ships, property, terminals, vehicles and equipment	2	**5 121 449**	3 923 378	4 540 514			
Intangible assets	3	**869 254**	830 663	713 046			
Investments in subsidiaries	4				**4 110 646**	4 039 294	3 514 371
Investments in joint venture	5						
Investments in associates	6	**342 824**	283 068	316 746			
Other investments	7	**91 359**	83 515	50 151			
Derivative financial assets	8	**1 169**	101 861	141 087			
Recoverables on cancelled ships	9	**–**	238 589	–			
Deferred taxation assets	10	**179 126**	159 088	159 352	**2 318**	428	7 059
Total non-current assets		**6 605 181**	5 620 162	5 920 896	**4 112 964**	4 039 722	3 521 430
Loans and advances to bank customers	11	**1 709 796**	1 483 314	1 049 761			
Current assets							
Inventories	12	**691 156**	499 804	905 842			
Trade and other receivables	13	**3 290 848**	2 973 607	3 529 510	**1 120 396**	1 188 371	1 643 139
Taxation		**28 326**	19 745	33 681	**–**	–	3 665
Liquid assets and short-term negotiable securities	14	**129 365**	104 092	138 553			
Short-term loans	15	**519 818**	–	–			
Cash and cash equivalents		**1 277 172**	1 917 695	2 403 087	**–**	2 057	804
		5 936 685	5 514 943	7 010 673	**1 120 396**	1 190 428	1 647 608
Non-current assets classified as held for sale	16	**–**	12 680	2 245			
Total current assets		**5 936 685**	5 527 623	7 012 918	**1 120 396**	1 190 428	1 647 608
Total assets		**14 251 662**	12 631 099	13 983 575	**5 233 360**	5 230 150	5 169 038
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital and premium	17	**28 682**	13 220	11	**422 854**	414 161	495 169
Equity compensation reserve		**37 300**	35 771	12 817	**16 021**	14 786	12 831
Non-distributable reserves		**(313 167)**	106 125	1 547 122			
Accumulated profit		**6 104 046**	5 582 864	5 152 746	**4 041 455**	3 822 837	3 298 727
Equity attributable to owners of the company		**5 856 861**	5 737 980	6 712 696	**4 480 330**	4 251 784	3 806 727
Non-controlling interests		**113 854**	98 146	62 315			
Total equity		**5 970 715**	5 836 126	6 775 011	**4 480 330**	4 251 784	3 806 727
Non-current liabilities							
Interest-bearing borrowings	18	**1 408 292**	920 787	796 958			
Provision for post-retirement medical aid	19	**50 622**	77 868	77 900			
Provisions	20	**15 199**	104 347	98 508			
Income received in advance	21	**–**	88 441	151 200			
Derivative financial liabilities	8	**15 938**	25 104	36 528			
Deferred taxation liabilities	10	**124 889**	22 277	18 527			
Total non-current liabilities		**1 614 940**	1 238 824	1 179 621	**–**	–	–
Deposits from bank customers	22	**2 016 137**	1 756 126	1 507 046			
Current liabilities							
Trade and other payables	23	**2 510 123**	2 345 218	3 035 205	**751 349**	977 463	1 362 311
Provisions	20	**–**	10 411	101 048			
Short-term borrowings and overdraft	18	**1 495 401**	1 145 774	938 927			
Current portion of interest-bearing borrowings	18	**621 043**	179 902	227 679			
Current portion of income received in advance	21	**–**	29 480	37 800			
Taxation		**23 303**	84 045	181 238	**1 681**	903	–
		4 649 870	3 794 830	4 521 897	**753 030**	978 366	1 362 311
Non-current liabilities associated with assets classified as held for sale	16	**–**	5 193	–			
Total current liabilities		**4 649 870**	3 800 023	4 521 897	**753 030**	978 366	1 362 311
Total equity and liabilities		**14 251 662**	12 631 099	13 983 575	**5 233 360**	5 230 150	5 169 038

Income statements

for the year ended 31 December 2010

	Notes	Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
Revenue	24	**30 202 885**	27 692 041	**626 458**	1 333 104
Other income	25	**245 253**	374 227	**–**	16 860
Operating expenses	25	**(29 144 003)**	(26 631 346)	**(49 230)**	(43 040)
Trading profit		**1 304 135**	1 434 922	**577 228**	1 306 924
Depreciation and amortisation	25	**(340 472)**	(292 400)		
Operating profit before interest and taxation	25	**963 663**	1 142 522	**577 228**	1 306 924
Non-trading items	26	**12 421**	13 881	**(7 510)**	2 627
Interest received	27	**135 204**	161 328	**497**	1 382
Interest paid	27	**(196 675)**	(252 695)	**(154)**	–
Profit before share of associates profit		**914 613**	1 065 036	**570 061**	1 310 933
Share of associate companies' profit before taxation		**84 304**	76 465		
Profit before taxation		**998 917**	1 141 501	**570 061**	1 310 933
Taxation	28	**(153 842)**	(188 075)	**(28 549)**	(48 024)
Profit for the year		**845 075**	953 426	**541 512**	1 262 909
Attributable to:					
Owners of the parent/company		**838 846**	941 786	**541 512**	1 262 909
Non-controlling interests		**6 229**	11 640		
		845 075	953 426	**541 512**	1 262 909
Earnings per share (cents)	29				
Basic		**171,6**	193,0		
Diluted		**171,1**	192,1		

Statements of comprehensive income

for the year ended 31 December 2010

	Group		Company	
	2010 R000	2009 R000	2010 R000	2009 R000
Profit for the year	**845 075**	953 426	**541 512**	1 262 909
Other comprehensive income				
Exchange differences on translating foreign operations				
Exchange differences arising during the year	**(417 966)**	(1 114 942)		
Reclassification adjustments relating to hedges of foreign operations disposed of in the year	**(16 856)**	(7 708)		
	(434 822)	(1 122 650)	**–**	–
Cash flow hedges				
Losses during the year	**(92 356)**	(172 691)		
Reclassification adjustments for amounts recognised in profit/(loss)	**108 912**	(143 860)		
Reclassification adjustments for amounts recognised in assets	**60**	455		
	16 616	(316 096)	**–**	–
Total comprehensive income/(loss) for the year	**426 869**	(485 320)	**541 512**	1 262 909
Total comprehensive income/(loss) attributable to:				
Owners of the parent/company	**419 554**	(499 211)	**541 512**	1 262 909
Non-controlling interests	**7 315**	13 891		
	426 869	(485 320)	**541 512**	1 262 909

Statements of cash flows

for the year ended 31 December 2010

	Notes	Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
OPERATING ACTIVITIES					
Cash receipts from charter hire		**1 628 726**	1 291 284		
Cash receipts from freight		**2 576 484**	2 378 269		
Cash receipts from invoiced sales		**2 430 075**	2 011 958		
Cash receipts from commodity sales		**23 464 395**	20 427 789		
Interest income from financial institution		**188 308**	172 678		
Interest expense from financial institution		**(139 836)**	(133 426)		
Dividend income from financial institution		**7 851**	15 672		
Corporate and structured finance fee income and other income		**136 263**	87 844		
Handling fees and other revenue		**193 966**	51 097	**16 375**	19 383
Cash receipts from customers		**30 486 232**	26 303 165	**16 375**	19 383
Cash payments to suppliers and employees		**(29 711 147)**	(25 385 418)	**(38 575)**	(20 546)
Cash generated from/(absorbed by) operations	36.1	**775 085**	917 747	**(22 200)**	(1 163)
Interest received		**135 204**	161 328	**497**	1 382
Interest paid		**(196 675)**	(252 695)	**(154)**	–
Dividends received		**18 056**	78 893	**610 083**	1 313 721
Dividends paid	36.2	**(320 524)**	(539 761)	**(325 752)**	(550 292)
Taxation paid	36.3	**(183 625)**	(240 459)	**(29 661)**	(36 825)
		227 521	125 053	**232 813**	726 823
Net proceeds on disposal of ships and locomotives		**145 778**	756 728		
Proceeds on disposal of ships and locomotives		**145 778**	1 257 467		
Cash payments on ship options exercised		**–**	(500 739)		
Capital expenditure on ships and locomotives	36.4	**(1 040 159)**	(793 207)		
Cash flows from operating activities of financial institution					
Advances to customers		**(226 482)**	(433 555)		
Liquid assets and short-term negotiable securities		**(25 273)**	34 461		
Deposits from customers		**260 012**	249 081		
Net cash flows (utilised in)/from operating activities		**(658 603)**	(61 439)	**232 813**	726 823
INVESTING ACTIVITIES					
Property, terminals, vehicles and equipment acquired	36.4	**(363 062)**	(359 095)		
Replacement of property, terminals, vehicles and equipment		**(1 369)**	(1 387)		
Additions to property, terminals, vehicles and equipment		**(361 693)**	(357 708)		
Acquisition of associate and other investments		**(4 530)**	(10 319)		
Acquisition of subsidiaries and joint ventures	36.5	**(302 416)**	(208 725)		
Proceeds on disposal of property, terminals, vehicles and equipment		**58 779**	39 346		
Proceeds from disposal of investments	36.6	**–**	12 152	**–**	482
Proceeds from disposal of other investments		**23 597**	–		
Acquisition of intangible assets		**(12 155)**	(36 283)		
Loans (repaid by)/advanced to associate companies		**(20 161)**	27 386		
Disposal of investment in subsidiary classified as non-current asset held for sale		**(2 650)**	–		
Net advances to subsidiaries				**(243 563)**	(442 044)
Net cash flows utilised in investing activities		**(622 598)**	(535 538)	**(243 563)**	(441 562)
FINANCING ACTIVITIES					
Proceeds from issue of ordinary share capital		**8 693**	13 209	**8 693**	12 709
Repurchase of ordinary share capital			–	**–**	(296 717)
Proceeds from disposal of treasury shares		**6 769**			
Non-controlling interest investment in subsidiary		**10 000**	3 780		
Loan from non-controlling interest		**–**	15 853		
Long-term borrowings raised		**1 104 194**	591 700		
Payment of capital portion of long-term borrowings		**(361 367)**	(447 341)		
Short-term loans issued		**(439 511)**	–		
Short-term loans raised		**293 033**	381 783		
Net cash flows from/(utilised in) financing activities		**621 811**	558 984	**8 693**	(284 008)
Net (decrease)/increase in cash and cash equivalents		**(659 390)**	(37 993)	**(2 057)**	1 253
Cash and cash equivalents at beginning of year		**1 669 282**	1 975 106	**2 057**	804
Difference arising on translation		**(42 360)**	(267 831)		
Cash and cash equivalents at end of year	36.7	**967 532**	1 669 282	**–**	2 057

Statements of changes in equity

for the year ended 31 December 2010

GROUP	Ordinary share capital R000	Preference share capital R000	Share premium R000
Balance at 31 December 2008	9	2	–
Share options exercised			13 209
Share-based payments			
Non-controlling interest acquired			
Profit for the year			
Other comprehensive income			
Total comprehensive income	–	–	–
Ordinary dividends paid			
Preference dividends paid			
Balance at 31 December 2009	9	2	13 209
Share options exercised			8 693
Share-based payments			
Treasury shares sold			6 769
Non-controlling interest acquired			
Non-controlling interest disposed			
Profit for the year			
Other comprehensive income			
Total comprehensive income	–	–	–
Ordinary dividends paid			
Preference dividends paid			
Balance at 31 December 2010	**9**	**2**	**28 671**
ANALYSIS OF HOLDING COMPANY AND SUBSIDIARY INTERESTS			
Holding company	9	2	422 843
Subsidiaries			(394 172)
	9	2	28 671

COMPANY	Share capital R000	Preference share capital R000	Share premium R000
Balance at 31 December 2008	9	2	495 158
Share options exercised			12 709
Repurchase of shares			(93 717)
Share-based payments			
Total comprehensive income			
Dividends paid			
Balance at 31 December 2009	9	2	414 150
Share options exercised			8 693
Share-based payments			
Total comprehensive income			
Dividends paid			
Balance at 31 December 2010	**9**	**2**	**422 843**

Equity compensation reserve R000	Foreign currency translation reserve R000	Hedging reserve R000	Accumulated profit R000	Owners of the parent R000	Non–controlling interests R000	Interest of all shareholders R000
12 817	1 393 267	153 855	5 152 746	6 712 696	62 315	6 775 011
				13 209		13 209
22 954				22 954		22 954
				–	29 633	29 633
			941 786	941 786	11 640	953 426
	(1 117 621)	(323 376)		(1 440 997)	2 251	(1 438 746)
–	(1 117 621)	(323 376)	941 786	(499 211)	13 891	(485 320)
			(442 645)	(442 645)	(7 693)	(450 338)
			(69 023)	(69 023)		(69 023)
35 771	275 646	(169 521)	5 582 864	5 737 980	98 146	5 836 126
				8 693		**8 693**
1 529				**1 529**		**1 529**
				6 769		**6 769**
				–	10 000	**10 000**
				–	(1 494)	**(1 494)**
			838 846	**838 846**	6 229	**845 075**
	(436 107)	16 815		**(419 292)**	1 086	**(418 206)**
–	(436 107)	16 815	838 846	**419 554**	7 315	**426 869**
			(259 070)	**(259 070)**	(113)	**(259 183)**
			(58 594)	**(58 594)**		**(58 594)**
37 300	**(160 461)**	**(152 706)**	**6 104 046**	**5 856 861**	**113 854**	**5 970 715**
16 021			4 041 455	4 480 330		
21 279	(160 461)	(152 706)	2 062 591	1 376 531		
37 300	(160 461)	(152 706)	6 104 046	5 856 861		

Equity compensation reserve R000	Accumulated profit R000	Owners of the parent R000
12 831	3 298 727	3 806 727
		12 709
	(203 000)	(296 717)
1 955		1 955
	1 262 909	1 262 909
	(535 799)	(535 799)
14 786	3 822 837	4 251 784
		8 693
1 235		**1 235**
	541 512	**541 512**
	(322 894)	**(322 894)**
16 021	**4 041 455**	**4 480 330**

Segmental analysis

for the year ended 31 December 2010

The group has identified the following five main segments, namely Shipping, Trading, Freight Services, Financial Services and Group. These divisions are the basis on which the group reports its primary segment information. The principle services of each of these segments are described on pages 34 to 63 of the annual financial statements.

Business segments	Shipping 2010 R000	Shipping 2009 R000	Freight Services 2010 R000	Freight Services 2009 R000
Revenue – external	**4 264 011**	4 918 406	**2 642 990**	2 302 323
Revenue – internal	**428 495**	152 817	**60 948**	41 792
Trading profit (excluding amortisation)	**543 880**	774 174	**478 750**	387 239
Depreciation and amortisation	**(138 173)**	(126 882)	**(186 188)**	(153 336)
Operating profit	**405 707**	647 292	**292 562**	233 903
Non-trading items	**38 588**	16 496	**(6 628)**	(2 147)
Share of associate companies' profit	**–**	–	**84 304**	76 465
Segment result excluding net interest and taxation	**444 295**	663 788	**370 238**	308 221
Interest received	**43 676**	54 648	**45 667**	73 808
Interest paid	**(68 903)**	(124 306)	**(82 839)**	(100 638)
Taxation	**(15 972)**	(54 242)	**(59 648)**	(42 529)
Profit for the year	**403 096**	539 888	**273 418**	238 862
Non-controlling interests	**(436)**	1 151	**(203)**	(3 776)
Profit attributable to shareholders	**402 660**	541 039	**273 215**	235 086
Preference dividends	**(40 440)**	(48 557)	**(11 135)**	(13 369)
Profit attributable to ordinary shareholders	**362 220**	492 482	**262 080**	221 717
Capital expenditure	**1 100 117**	826 722	**517 169**	344 960
Total segment assets	**4 334 258**	4 305 187	**3 937 379**	3 641 104
Segment assets excluding investments in associates	**4 334 258**	4 305 187	**3 594 555**	3 358 036
Investments in associates			**342 824**	283 068
Segment liabilities	**(1 507 618)**	(1 402 000)	**(1 907 311)**	(1 723 755)

The group's five divisions operate in six principal geographical areas – USA/Bermuda, South America, the Middle East, United Kingdom/Europe/Isle of Man, Singapore/Asia/Far East and southern Africa. Refer to divisional report for detail on the various regions.

Geographic segments	USA/Bermuda 2010 R000	USA/Bermuda 2009 R000	South America 2010 R000	South America 2009 R000
Revenue – external	**9 777**	420 851	**542 635**	685 879
Capital expenditure	**–**	–	**198**	86
Segment assets	**–**	–	**138 917**	119 585

Geographic segments	United Kingdom/Europe/Isle of Man 2010 R000	United Kingdom/Europe/Isle of Man 2009 R000	Singapore/Asia/Far East 2010 R000	Singapore/Asia/Far East 2009 R000
Revenue – external	**12 080 892**	6 857 376	**10 614 377**	9 938 161
Capital expenditure	**860 821**	376 593	**308 377**	585 769
Segment assets	**1 409 702**	3 555 837	**4 419 796**	2 292 720

	Trading		Financial Services		Group		Total Group	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	R000	R000	**R000**	R000	**R000**	R000	**R000**	R000
	23 101 027	20 335 439	**192 531**	135 695	**2 326**	178	**30 202 885**	27 692 041
	642 775	334 711	**1 099**	1 982	**115 741**	–	**1 249 058**	531 302
	188 414	255 743	**90 240**	54 193	**2 851**	(36 427)	**1 304 135**	1 434 922
	(11 687)	(6 479)	**(1 243)**	(2 001)	**(3 181)**	(3 702)	**(340 472)**	(292 400)
	176 727	249 264	**88 997**	52 192	**(330)**	(40 129)	**963 663**	1 142 522
	15	(2 120)	**(20 111)**	–	**557**	1 652	**12 421**	13 881
	–	–	**–**	–	**–**	–	**84 304**	76 465
	176 742	247 144	**68 886**	52 192	**227**	(38 477)	**1 060 388**	1 232 868
	20 364	33 161	**–**	–	**25 497**	(289)	**135 204**	161 328
	(38 219)	(48 285)	**–**	–	**(6 714)**	20 534	**(196 675)**	(252 695)
	(36 910)	(42 359)	**(13 216)**	(7 983)	**(28 096)**	(40 962)	**(153 842)**	(188 075)
	121 977	189 661	**55 670**	44 209	**(9 086)**	(59 194)	**845 075**	953 426
	5 128	12	**(10 718)**	(8 709)	**–**	(318)	**(6 229)**	(11 640)
	127 105	189 673	**44 952**	35 500	**(9 086)**	(59 512)	**838 846**	941 786
	(7 031)	(8 440)	**–**	–	**12**	1 343	**(58 594)**	(69 023)
	120 074	181 233	**44 952**	35 500	**(9 074)**	(58 169)	**780 252**	872 763
	86 556	228 135	**10 533**	5 143	**7 946**	2 669	**1 722 321**	1 407 629
	3 196 193	2 441 361	**2 534 703**	2 199 676	**249 129**	43 771	**14 251 662**	12 631 099
	3 196 193	2 441 361	**2 534 703**	2 199 676	**249 129**	43 771	**13 908 838**	12 348 031
							342 824	283 068
	(2 481 238)	(1 758 570)	**(2 135 654)**	(1 866 877)	**(249 126)**	(43 771)	**(8 280 947)**	(6 794 973)

	Middle East	
	2010	2009
	R000	R000
	32 443	3 723 843
	–	–
	–	–

	Southern Africa		Total Group	
	2010	2009	**2010**	2009
	R000	R000	**R000**	R000
	6 922 761	6 065 931	**30 202 885**	27 692 041
	552 925	445 181	**1 722 321**	1 407 629
	8 283 247	6 662 957	**14 251 662**	12 631 099

Notes to the financial statements

for the year ended 31 December 2010

1 NEW STANDARDS AND INTERPRETATIONS

1.1 New standards and interpretations adopted

The annual financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) on a basis consistent with the prior year except for the adoption of the following new and amended standards and new interpretations:

IFRS 3 Business Combinations (Revised)

The revised IFRS 3 has been issued after completion of the IASB's second phase of its business combinations project and is now largely aligned with United States accounting. Consequential amendments were also made to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. The changes mainly relate to the treatment of acquisition costs (now to be expensed), contingent considerations, goodwill where non-controlling interests are involved, step acquisitions and partial disposals. Amendments to the standards mentioned above have been applied prospectively and have had no material impact on the income statement, statement of comprehensive income or the statement of financial position.

IAS 17 Leases

As part of improvements to IFRSs 2009 issued in April 2009, the IASB amended the requirements of IAS 17 Leases regarding the classification of leases of land. Prior to amendment, IAS 17 Leases generally required leases of land with an indefinite useful life to be classified as operating leases. Following the amendment, leases of land are classified as either "finance" or "operating" using the general principles of IAS 17. The application of these amendments have had no material impact on the income statement, statement of comprehensive income or the statement of financial position.

IFRS 2 Share-based Payments

In June 2009, the IASB issued amendments to IFRS 2 Share-based Payments. These amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award. The application of these amendments have had no material impact on the income statement, statement of comprehensive income or the statement of financial position.

1.2 New standards and interpretations not yet adopted

The group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[1]
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets[2]
IFRS 9 (as amended in 2010)	Financial Instruments[3]
IAS 24 (revised in 2009)	Related Party Disclosures[4]
Amendments to IAS 32	Classification of Rights Issues[5]
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement[4]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[1]

1 Effective for annual periods beginning on or after 1 July 2010.
2 Effective for annual periods beginning on or after 1 July 2011.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 February 2010.

1 NEW STANDARDS AND INTERPRETATIONS (continued)

1.2 New standards and interpretations not yet adopted (continued)

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9, that will be adopted in the group's consolidated financial statements for the annual period beginning on 1 January 2013 and that the application of the new standard, will have a significant impact on amounts reported in respect of the groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to IFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the group's disclosures regarding transfers of trade receivables previously effected. However, if the group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

IAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the group because the group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

The amendments to IAS 32 Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the group has not entered into any arrangements that would fall within the scope of the amendments. However, if the group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues.

IFRIC 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the group has not entered into transactions of this nature. However, if the group does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

Notes to the financial statements

for the year ended 31 December 2010

		Cost/ valuation R000	Accumulated depreciation and amortisation R000	Group 2010 Carrying value R000	2009 Carrying value R000
2	**SHIPS, PROPERTY, TERMINALS, VEHICLES AND EQUIPMENT**				
	FREEHOLD AND LEASEHOLD PROPERTIES				
	Opening balance	522 068	(67 596)	**454 472**	317 178
	Translation (loss)/gain	(3 913)	113	**(3 800)**	(9 232)
	Reclassification	91 755	(3 764)	**87 991**	143 026
	Additions and improvements	17 252	–	**17 252**	27 438
	Disposal of business	–	–	**–**	(51)
	Finance costs capitalised	165	–	**165**	–
	Disposals	(1 879)	1 122	**(757)**	(4 594)
	Depreciation and amortisation	–	(26 417)	**(26 417)**	(19 293)
	Impairment	–	(1 397)	**(1 397)**	–
	Closing balance	625 448	(97 939)	**527 509**	454 472
	SHIPS				
	Opening balance	1 740 033	(288 347)	**1 451 686**	1 574 386
	Translation (loss)/gain	(267 792)	26 156	**(241 636)**	(343 026)
	Additions	837 140	–	**837 140**	176 597
	Acquisition of business	160 768	(28 788)	**131 980**	–
	Disposals	–	–	**–**	(212 915)
	Depreciation and amortisation	–	(108 193)	**(108 193)**	(87 274)
	Reclassification	361 457	–	**361 457**	343 918
	Transferred to inventory as held for sale assets	(118 570)	4 243	**(114 327)**	–
	Closing balance	2 713 036	(394 929)	**2 318 107**	1 451 686
	SHIPS UNDER CONSTRUCTION				
	Opening balance	1 033 882	–	**1 033 882**	1 615 212
	Translation loss	(103 037)	–	**(103 037)**	(321 836)
	Additions	185 888	–	**185 888**	616 610
	Finance costs capitalised	666	–	**666**	–
	Disposals	–	–	**–**	(261 423)
	Reclassification	(361 457)	–	**(361 457)**	(334 212)
	Transferred from receivables	37 238	–	**37 238**	–
	Transferred from/(to) recoverables on cancelled ships	133 294	–	**133 294**	(280 469)
	Reversal of impairment	21 387	–	**21 387**	–
	Closing balance	947 861	–	**947 861**	1 033 882
	PROPERTY UNDER CONSTRUCTION				
	Opening balance	137 064	–	**137 064**	336 162
	Translation loss	(19 737)	–	**(19 737)**	(46 391)
	Additions	164 439	–	**164 439**	175 898
	Disposals	–	–	**–**	(2 202)
	Finance costs capitalised	51	–	**51**	1 333
	Reclassification	(54 867)	–	**(54 867)**	(327 736)
	Closing balance	226 950	–	**226 950**	137 064

	Cost/ valuation R000	Accumulated depreciation and amortisation R000	Group 2010 Carrying value R000	2009 Carrying value R000
2 SHIPS, PROPERTY, TERMINALS, VEHICLES AND EQUIPMENT (continued)				
TERMINALS, VEHICLES AND EQUIPMENT				
Opening balance	1 258 021	(458 116)	**799 905**	656 981
Translation (loss)/gain	(21 055)	3 884	**(17 171)**	(42 208)
Reclassification	(31 018)	(6 594)	**(37 612)**	174 843
Additions	194 679	–	**194 679**	138 398
Acquisition of businesses	340 048	–	**340 048**	17 834
Impairment	–	–	**–**	(3 617)
Disposals	(100 737)	48 323	**(52 414)**	(10 742)
Disposal of businesses	–	–	**–**	(87)
Depreciation	–	(167 299)	**(167 299)**	(129 179)
Transferred to non-current assets classified as held for sale	–	–	**–**	(2 318)
Closing balance	1 639 938	(579 802)	**1 060 136**	799 905
LEASED TERMINALS, VEHICLES AND EQUIPMENT				
Opening balance	88 392	(42 023)	**46 369**	40 595
Translation (loss)/gain	(38)	29	**(9)**	(9)
Reclassification	(5 629)	10 117	**4 488**	111
Additions	2 939	–	**2 939**	16 158
Disposals	(8 997)	4 877	**(4 120)**	(342)
Depreciation	–	(8 781)	**(8 781)**	(10 144)
Closing balance	76 667	(35 781)	**40 886**	46 369
Aggregate	6 229 900	(1 108 451)	**5 121 449**	3 923 378

2009 GROUP	Cost/ valuation R000	Accumulated depreciation R000	Carrying value R000
Freehold and leasehold properties	522 068	(67 596)	454 472
Ships	1 740 033	(288 347)	1 451 686
Ships under construction	1 033 882	–	1 033 882
Property under construction	137 064	–	137 064
Terminals, vehicles and equipment	1 258 021	(458 116)	799 905
Leased terminals, vehicles and equipment	88 392	(42 023)	46 369
	4 779 460	(856 082)	3 923 378

Details of the freehold and leasehold properties are recorded in a register available for inspection at the registered office of the company or its subsidiaries.

Certain assets are encumbered in respect of capitalised lease and loan liabilities, details of which are shown under loan funds on page 208.

Hull and machinery insurance in respect of loss or damage to owned and bareboat chartered ships is insured at replacement value and the sum insured is US$380,0 million (2009: US$234,4 million).

It is the policy of Grindrod and its subsidiaries to insure their property, terminals, vehicles and equipment at replacement value, however, in certain circumstances asset cover is limited to market value. The sum insured is R3 407,8 million (2009: R1 810,6 million).

Reversal of impairment

During the year the Shipping segment reversed an impairment of R21 387 000. This resulted as the long-term outlook for the earnings of certain ships under construction improved. In addition, discounts were negotiated on certain ships under construction.

		Cost/ valuation R000	Accumulated amortisation and impairment losses R000	Group 2010 Carrying value R000	Group 2009 Carrying value R000
3	**INTANGIBLE ASSETS**				
3.1	**Goodwill**				
	Opening balance	684 882	(21 831)	**663 051**	559 473
	Translation loss	(44 598)	–	**(44 598)**	(83 971)
	Recognised on acquisition of businesses	136 705	–	**136 705**	189 072
	Disposals	–	–	**–**	(533)
	Reclassification	(500)	–	**(500)**	–
	Impairment	–	(39 165)	**(39 165)**	(990)
	Closing balance	776 489	(60 996)	**715 493**	663 051
3.2	**Other intangible assets**				
	Opening balance	329 880	(162 268)	**167 612**	153 573
	Translation (loss)/gain	(13 414)	10 795	**(2 619)**	(5 064)
	Reclassification	500	–	**500**	48
	Additions	12 156	–	**12 156**	36 283
	Recognised on acquisition of businesses	4 441	–	**4 441**	–
	Disposals	(16 347)	16 347	**–**	(17 605)
	Reversal of impairment	–	1 452	**1 452**	46 887
	Amortisation	–	(29 781)	**(29 781)**	(46 510)
	Closing balance	317 216	(163 455)	**153 761**	167 612
	Aggregate	1 093 705	(224 451)	**869 254**	830 663

Impairment testing of goodwill

An impairment loss of R19 720 000 (2009: nil) in the Financial Services segment and R19 445 000 (2009: R990 000) in the Logistics division of the Freight Services segment was recognised as the related businesses are not expected to generate profits in the future.

The remaining goodwill was assessed by reference to the value in use of the cash-generating units. Discount factors ranging between 8% to 15% p.a. (2009: 8% to 15% p.a.) were applied in the value-in-use model.

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the underlying discreet businesses as they represent separately identifiable cash-generating units. The following cash-generating units, being the lowest level of asset for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered significant in comparison with the group's total goodwill balance:

	Group 2010 Carrying value R000	Group 2009 Carrying value R000
Shipping	**36 444**	22 125
Freight Services		
Grindrod Terminals	**16 406**	16 406
Grindrod Intermodal	**25 080**	25 080
Grindrod Logistics	**154 607**	79 903
Grindrod Rail	**3 441**	3 441
Grindrod Port Holdings	**134 480**	149 714
Ships Agencies	**9 948**	9 948
Trading	**335 087**	336 714
Financial Services	**–**	19 720
	715 493	663 051

		Group	
		2010 Carrying value R000	2009 Carrying value R000
3	**INTANGIBLE ASSETS (continued)**		
	3.2 Other intangible assets (continued)		
	Significant intangible assets include		
	Charter party agreements		
	Net present value of charter party agreements acquired from a third party in 2005	**17 702**	33 344
	Leases		
	Intangible asset raised on acquisition of businesses in prior years in respect of the inherent value attached to beneficial lease agreements	**31 600**	33 832
	Mining and electrical rights		
	Acquisition of mining and electrical rights	**40 373**	40 373
	SAP systems		
	Financial systems implemented for processing	**23 414**	16 779

Impairment testing of other intangible assets

In the prior year an amount of R46 887 000 relating to the 2008 impairment was reversed due to increased activities in the shipping markets.

Write-off periods of intangible assets

Intangible assets are written off in periods ranging from three (2009: three) to 25 (2009: 25) years.

		Company	
		2010 R000	2009 R000
4	**INVESTMENTS IN SUBSIDIARIES**		
	Investments in subsidiaries	**4 094 624**	4 024 506
	Share-based payments	**16 022**	14 788
		4 110 646	4 039 294
	Details of the investments in subsidiaries are shown on the schedule of interest in subsidiaries on page 209.		
5	**INVESTMENTS IN JOINT VENTURES**		
	Shares at cost	**–**	–
		–	–

Details of the group's investments in joint ventures are shown on page 194.

Notes to the financial statements

for the year ended 31 December 2010

	Effective holding %	Group 2010 R000	Group 2009 R000
6 INVESTMENTS IN ASSOCIATES			
Unlisted			
Ocean Africa Container Lines (Pty) Limited		**165 651**	165 651
Cost of investment	49	**191 757**	191 757
Distribution out of share premium		**(6 859)**	(6 859)
Distribution out of pre-acquisition reserves		**(19 247)**	(19 247)
Moneyline 992 (Pty) Limited		**9 846**	9 846
Cost of investment	47	**4 775**	4 775
Loan account		**5 071**	5 071
Sociedade de Desenvolvimento de Porto de Maputo, SARL		**66 303**	75 308
Cost of investment	25	**–**	–
Loan account		**66 303**	75 308
Erundu Stevedoring (Pty) Limited – cost of investment	49	**2 045**	2 045
Petrologistics Limited		**4 522**	–
Cost of investment	25	**3 574**	–
Loan account		**948**	–
Empresa de Dragagem de Porto de Mozambique		**7 379**	–
Cost of investment	26	**169**	–
Loan account		**7 210**	–
Baobab Investments		**12 328**	–
Cost of investment	36	**325**	–
Loan account		**12 003**	–
Iron Mineral Beneficiation Services (Pty) Limited – cost of investment		**–**	10 020
Other investments		**2**	2
Attributable share of accumulated profit at the end of the year		**74 748**	20 253
Transferred to non-current assets held for sale (investments held at nil cost)		**–**	(57)
		342 824	283 068
Directors' valuation		**657 668**	389 422

Ocean Africa Container Lines (Pty) Limited is incorporated in the Republic of South Africa and provides shipping and logistical services.

The following financial information is pertinent to the company:

	2010 R000	2009 R000
Total assets	**109 155**	115 334
Total liabilities	**(46 871)**	(65 697)
Revenue	**556 304**	678 731
Share of current year's profits after taxation	**24 799**	36 609

Moneyline 992 (Pty) Limited is incorporated in the Republic of South Africa and is an investment company.

The following financial information is pertinent to the company:

	2010 R000	2009 R000
Total assets	**134 050**	107 296
Total liabilities	**(66 361)**	(66 824)
Revenue	**5 439**	34 821
Share of current year's profits after taxation	**12 832**	11 002

Sociedade de Desenvolvimento de Porto de Maputo, SARL is incorporated in Mozambique and owns the Maputo Port concession.

		Effective holding %	Group 2010 R000	Group 2009 R000
6	**INVESTMENTS IN ASSOCIATES (continued)**			
	The following financial information is pertinent to the company:			
	Total assets		**53 868**	319 578
	Total liabilities		**(58 738)**	(467 825)
	Revenue		**351 087**	323 163
	Share of current year's profits after taxation		**32 606**	–
	Erundu Stevedoring (Pty) Limited is incorporated in Namibia and provides stevedoring services.			
	The following financial information is pertinent to the company:			
	Total assets		**5 004**	3 741
	Total liabilities		**(2 089)**	(486)
	Revenue		**7 178**	7 218
	Share of current year's profits after taxation		**572**	1 175
	Iron Mineral Beneficiation Services (Pty) limited is incorporated in South Africa and manufactures iron.			
	The following financial information is pertinent to the company:			
	Total assets		**–**	9 208
	Total liabilities		**–**	(899)
	Revenue		**–**	113
	Share of current year's profits after taxation		**–**	–
	Petrologistics Limited is incorporated in Botswana and provides fuel logistical services.			
	The following financial information is pertinent to the company:			
	Total assets		**848 422**	–
	Total liabilities		**(608 422)**	–
	Revenue		**101 958**	–
	Share of current year's profits after taxation		**1 705**	–
	Baobab Investments is incorporated in Mauritius and invests in and operates transport assets.			
	The following financial information is pertinent to the company:			
	Total assets		**16 784**	–
	Total liabilities		**(17 026)**	–
	Revenue		**–**	–
	Share of current year's loss after taxation		**–**	–
	Empresa de Dragagem de Porto de Mozambique is incorporated in Mozambique and its main line of business is port dredging.			
	The following financial information is pertinent to the company:			
	Total assets		**44 273**	–
	Total liabilities		**(24 524)**	–
	Revenue		**10 286**	–
	Share of current year's profits after taxation		**–**	–

		Group	
		2010 R000	2009 R000
7	**OTHER INVESTMENTS**		
	Investment banking portfolio:		
	Listed		
	Held for trading		
	Listed equities at fair value	**13 999**	19 235
	The register of listed investments is available for inspection at the registered office of Grindrod Bank Limited.		
	Other financial assets		
	Pension fund surplus recognised(*)	**35 071**	34 382
	Loans and receivables at amortised cost	**32 264**	30 765
	Available-for-sale financial assets(**)	**10 025**	–
	Loans and receivables transferred to non-current assets held for sale	**–**	(867)
		91 359	83 515
	Directors' valuation	**112 107**	83 515

(*) Details of the pension fund are detailed in note 19.

(**) The group acquired 7% in Iron Mineral Beneficiation Services (Pty) Limited, an entity which reclaims iron from filing and powder. In the prior year, the investment was classified as an associate. However, due to a share issue in the current year, the group's ownership has been diluted and the investment is no longer considered an associate.

8 FINANCIAL INSTRUMENTS

The group's financial instruments consist mainly of cash deposits with banks, investments, trade and other receivables and payables, bank borrowings and loans to and from subsidiaries. Derivative instruments are used by the group for hedging purposes. Such instruments include forward exchange contracts, cross currency swaps, forward freight agreements, commodity and currency futures contracts, options and interest rate swap agreements.

FINANCIAL INSTRUMENTS BY CATEGORY

The carrying value of the group's financial instruments by category are as follows:

	2010 R000	2009 R000
Financial assets		
Loans and receivables	**6 593 576**	6 516 200
Held for trading	**239 594**	206 858
Derivative financial assets	**177 119**	179 613
Derivative financial instruments designated as cash flow hedges	**9 239**	–
Total financial assets	**7 019 528**	6 902 671
Total non-financial assets	**7 232 134**	5 728 428
Total assets	**14 251 662**	12 631 099
Financial liabilities		
Held at amortised cost	**7 975 627**	6 532 931
Derivative financial liabilities	**150 221**	81 878
Derivative financial instruments designated as cash flow hedges	**6 910**	68 649
Total financial liabilities	**8 132 758**	6 683 458
Total non-financial liabilities and equity	**6 118 904**	5 947 641
Total liabilities and equity	**14 251 662**	12 631 099

The carrying value of the group financial instruments approximate fair value.

8 FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS

8.1 Forward exchange contracts

The group entered into the following forward exchange contracts which are accounted for as fair value hedges with gains/losses thereon taken to the income statement. The amounts represent the net Rand equivalents of commitments to purchase and sell foreign currencies. The average rates shown include the cost of forward cover.

Valuation technique

Quoted forward points to the contract date are allocated to the spot rate at year-end and this rate is applied to the foreign currency amount in order to determine the fair value of the derivative.

	Group 2010 R000	Group 2009 R000
Total change in fair value recognised in operating profit	**11 678**	5 109

Details of these forward exchange contracts are as follows:

FOREIGN CURRENCY	2010 Average rate	2010 Contract value US$000	2010 Contract value R000	2010 Asset/(liability) R000	2009 Average rate	2009 Contract value US$000	2009 Contract value R000	2009 Asset/(liability) R000
Purchase US Dollar	7,11	38 230	271 772	18 689	7,76	28 211	219 058	7 196
Purchase US Dollar	7,26	68 119	494 648	(35 970)	7,86	23 652	185 979	(6 966)
Sell US Dollar	7,03	7 497	52 730	3 099	8,03	500	4 015	324
Sell US Dollar	6,81	609	4 149	(119)	7,45	10 050	74 853	(324)
		114 455	823 299	(14 301)		62 413	483 905	230

FOREIGN CURRENCY	2010 Average rate	2010 Contract value £000	2010 Contract value R000	2010 Asset/(liability) R000	2009 Average rate	2009 Contract value £000	2009 Contract value R000	2009 Asset/(liability) R000
Purchase British Pound	10,33	10	103	1	12,45	38 372	477 558	(18)
Sell British Pound	–	–	–	–	11,94	16	191	(3)
		10	103	1		38 388	477 749	(21)

FOREIGN CURRENCY	2010 Average rate	2010 Contract value €000	2010 Contract value R000	2010 Asset/(liability) R000	2009 Average rate	2009 Contract value €000	2009 Contract value R000	2009 Asset/(liability) R000
Purchase Euro	8,91	75	668	1	–	–	–	–
Purchase Euro	9,21	63	580	(14)	11,21	45 098	505 568	(21)
Sell Euro	–	–	–	-–	10,67	200	2 134	(62)
		138	1 248	(13)		45 298	507 702	(83)

FOREIGN CURRENCY	2010 Average rate	2010 Contract value HKD000	2010 Contract value R000	2010 Asset/(liability) R000	2009 Average rate	2009 Contract value HKD000	2009 Contract value R000	2009 Asset/(liability) R000
Purchase Hong Kong Dollar	6,68	50	334	(17)	1,05	101	106	(3)

FOREIGN CURRENCY	2010 Average rate	2010 Contract value €000	2010 Contract value R000	2010 Asset/(liability) R000	2009 Average rate	2009 Contract value €000	2009 Contract value R000	2009 Asset/(liability) R000
Purchase Euro, sell US Dollar	–	–	–	–	1,65	14 470	23 890	(2 815)

8 FINANCIAL INSTRUMENTS (continued)

8.2 Cross currency swaps

The group has entered into cross currency swaps to manage currency risk.

MATURITY DATE	Currency	Currency swapped with	Nominal value: Nominal currency amount '000	Nominal value: Nominal swapped currency amount '000	**2010 Asset/ (liability) R000**	2009 Asset/ (liability) R000
1 January 2010 to 30 November 2010	GBP	USD	–	–	**–**	(117)
1 January 2010 to 30 November 2010	GBP	USD	–	–	**–**	600
1 January 2010 to 30 November 2010	USD	GBP	–	–	**–**	36
1 January 2010 to 30 November 2010	EUR	GBP	–	–	**–**	1
1 January 2010 to 30 November 2010	USD	EUR	–	–	**–**	(3)
1 January 2010 to 30 November 2010	ZAR	USD	–	–	**–**	6
June 2014	USD	ZAR	–	–	**–**	7 495
December 2014	USD	ZAR	–	–	**–**	11 011
					–	19 029

8.3 Forward freight agreements

The group has entered into a number of forward freight agreements (FFAs) which are designated as cash flow hedges, covering their handysize ships to hedge against shipping market price risk. These are entered into in the normal course of business in order to hedge against open positions in the fleet from contracts of affreightment (these FFAs hedge sales based on volumes shipped) and exposure on earnings for the handysize ships trading in a pool on the spot market. The basis for valuation of the FFAs is set out in management's critical judgements. At 31 December 2010, there were four (2009: eight) open forward freight agreements, designated as cash flow hedges, maturing as follows:

SETTLEMENT PERIODS	Hedged item	Strike price US$	Quantity/ duration	Nominal value US$000	**2010 Asset/ (liability) R000**	2009 Asset/ (liability) R000
1 January 2009 to 31 December 2010	Handysize	–	–	–	**–**	(18 413)
1 January 2009 to 31 December 2010	Handysize	–	–	–	**–**	(19 752)
1 January 2009 to 31 December 2010	Handysize	–	–	–	**–**	(3 147)
1 January 2009 to 31 December 2010	Handysize	–	–	–	**–**	(3 309)
1 January 2009 to 31 December 2010	Handysize	–	–	–	**–**	(3 317)
1 January 2009 to 31 December 2010	Handysize	–	–	–	**–**	(6 014)
1 January 2009 to 31 December 2010	Handysize	–	–	–	**–**	(5 343)
1 January 2009 to 31 December 2010	Handysize	–	–	–	**–**	(2 653)
1 January 2011 to 31 December 2011	Handysize	11 000	365 days	4 015	**(628)**	
1 January 2011 to 31 December 2011	Handysize	11 500	365 days	4 198	**576**	
1 January 2011 to 31 December 2011	Handysize	14 000	360 days	5 040	**6 524**	
1 January 2012 to 31 December 2012	Handysize	13 150	180 days	2 367	**2 767**	
				15 620	**9 239**	(61 948)
Ineffective cash flow hedge					**–**	–
Effective cash flow hedge					**9 239**	(61 948)

8 FINANCIAL INSTRUMENTS (continued)

8.3 Forward freight agreements (continued)

In addition to the above forward freight agreements the group has entered into additional forward freight agreements which are not treated as hedges:

SETTLEMENT PERIODS	Hedged item	Strike price US$	Quantity/ duration	Nominal value US$000	**2010 Asset/ (liability) R000**	2009 Asset/ (liability) R000
1 December 2009 – 30 April 2010				–	**–**	1 459
1 December 2009 – 31 December 2010				–	**–**	17 277
1 January 2011 to 31 March 2011	Handysize	16 000	45 days	720	**(192)**	–
1 January 2011 to 31 January 2011	Handysize	16 500	30 days	495	**(232)**	–
				1 215	**(424)**	18 736

At 31 December 2010, the sensitivity of the forward freight agreements to a 10% (2009: US$1 000) movement in the shipping market prices would have the following effect:

	Group	
	2010 R000	2009 R000
10% increase (2009: US$1 000 increase)		
Increase in FFA liability	**(4 442)**	(15 389)
(Increase)/decrease in hedging reserve deficit	**4 442**	15 389
Decrease in profit	**–**	–
10% decrease (2009: US$1 000 decrease)		
Decrease in FFA liability	**4 442**	15 389
Decrease/(increase) in hedging reserve deficit	**(4 442)**	(15 389)
Increase in profit		–
10% increase		
Increase in FFA asset	**(4 210)**	–
(Increase)/decrease in hedging reserve deficit	**4 210**	–
Decrease in profit	**–**	–
10% decrease		
Decrease in FFA asset	**4 210**	–
(Increase)/decrease in hedging reserve deficit	**(4 210)**	–
Decrease in profit	**–**	–

8 FINANCIAL INSTRUMENTS (continued)

8.4 Futures and options

The group has entered into certain futures in order to commercially hedge the price risk in respect of commodity contracts which mature between 31 January 2011 and 30 November 2011.

These contracts are not accounted for using hedge accounting and all fair value gains/(losses) are recognised in the income statement. Commodity inventory is valued at fair value less costs to sell with the fair value gains/losses also recognised in the income statement. Forward purchase and sales contracts are fair valued through the income statement.

Details of the group's dealings in open futures and forward contracts at year-end are as follows:

COMMODITY		Tonnage	Contract value R000	**2010 Gain/(loss) recognised R000**	2009 Gain/(loss) recognised R000
White maize	Sales	5 800	(7 324)	**(488)**	–
White maize		–	–	**–**	285
Yellow maize	Purchase	50	453	**(205)**	829
Yellow maize	Sales	1 400	(2 668)	**692**	(139)
Sunflower	Sales	6 650	(23 665)	**(3 727)**	–
Corn	Sales	24 639	(163 110)	**(6 355)**	7 289
Corn		–	–	**–**	398
Soya bean meal	Purchase	9 525	63 056	**18 013**	2 417
Soya bean meal	Sales	861	(748)	**(285)**	170
Soya bean	Sales	1 125	(4 866)	**313**	–
Soya bean	Purchase	200	1 185	**973**	–
Soya bean	Sales	408	(2 701)	**(1 993)**	–
Soya bean	Purchase	8 296	4 766	**3 456**	–
Rice		–	–	**–**	22
Wheat	Sales	7 932	(37 975)	**(5 846)**	6 744
Wheat		–	–	**–**	(206)
Wheat	Sales	11 407	1 423	**(1 754)**	–
				2 794	17 809
Mark to market settled through margin account				**2 461**	(909)
Asset				**5 255**	16 900

FOREIGN CURRENCY	Contract value US$000	Contract value R000	**2010 Gain/(loss) recognised R000**	2009 Gain/(loss) recognised R000
Purchase US Dollars	44 000	302 874	**(55 107)**	(101 861)
Mark to market settled through margin account			**55 107**	101 861
Liability			**–**	–

8 FINANCIAL INSTRUMENTS (continued)

8.5 Forward contracts

COMMODITY		Tonnage	Contract value R000	2010 Asset/ (liability) R000	2009 Asset/ (liability) R000
Wheat	Purchase	154 889	203 604	**9 986**	7 222
Wheat	Purchase	55 000	126 233	**(14 818)**	(4 703)
Wheat	Sales	(57 013)	(144 939)	**15 186**	8 795
Wheat	Sales	(123 541)	(236 391)	**(9 236)**	(8 041)
Soya bean meal	Purchase	170 279	143 002	**707**	861
Soya bean meal	Purchase	33 255	99 429	**(5 443)**	(4 519)
Soya bean meal	Sales	(85 140)	(248 033)	**7 409**	14 596
Soya bean meal	Sales	(340 633)	(131 091)	**(21 118)**	(4 387)
Soya bean	Purchase	1 725	5 054	**386**	–
Soya bean	Sales	(7 351)	(27 102)	**(71)**	(10)
Corn		–	–	**–**	(11 880)
Corn	Purchase	161 481	88 688	**2 204**	–
Corn		–	–	**–**	405
Corn	Sales	(74 662)	(16 186)	**(3 045)**	(2 487)
White maize		–	–	**–**	17
White maize	Purchase	3 309	4 384	**(407)**	–
White maize	Sales	(12 311)	(18 111)	**1 421**	–
White maize		–	–	**–**	(1 632)
Yellow maize		–	–	**–**	1
Yellow maize	Purchase	5 171	6 458	**(120)**	–
Yellow maize	Sales	(7 555)	(9 668)	**(551)**	(1 472)
Sunflower	Purchase	21 650	33 050	**9 286**	–
Sunflower	Purchase	12 721	28 530	**(3 266)**	–
Sunflower	Sales	(19 709)	(42 471)	**3 327**	–
Sunflower	Sales	(12 757)	(22 401)	**(5 065)**	–
Fuel		–	–	**–**	86
Fuel		–	–	**–**	(153)
Fuel		–	–	**–**	(1 777)
Other	Purchases	12 710	1 285	**(1 284)**	870
Other	Sales	9 800	(962)	**962**	1 211
Other		–	–	**–**	(870)
				(13 550)	(7 867)

8 FINANCIAL INSTRUMENTS (continued)

8.6 Interest rate swaps

The group has entered into the following interest rate swaps on Rand-denominated loans, whereby variable interest rates have been fixed as indicated below. The group (^) has entered into an interest rate swap which is designated as a cash flow hedge to manage the risk associated with fluctuating interest rates. In addition, the group's subsidiary, Grindrod Bank Limited (#), enters into various interest rate swaps in the normal course of business. Grindrod Bank's interest rate swaps fix interest rates, which are linked to JIBAR, to rates between 7,35% p.a. (2009: 10,38% p.a.) and 15,29% p.a. (2009:17,60% p.a.) and mature over the periods as indicated below:

MATURITY DATE	Interest rate	Nominal value R000	2010 Asset/ (liability) R000	2009 Asset/ (liability) R000
30 June 2010			–	(6 737)
30 June 2010			–	(3 224)
30 December 2011	Variable to 9,9%	250 000	(7 377)	(2 982)
30 December 2011 ^	Variable to 10,0%	232 000	(9 973)	(9 961)
Between April 2011 and May 2019 #	Various	171 754	(17 532)	–
Between January 2007 and February 2017 #			–	(12 158)
			(34 882)	(35 062)

8.7 Hedging details

	Group 2010 R000	2009 R000
The above mentioned derivative's hedging details are as follows:		
Ineffectiveness recognised in profit and loss:		
Cash flow hedge	–	–

Details of cash flow hedges:

	2010 < 3 months R000	3–6 months R000	6–12 months R000	>12 months R000	2009 < 3 months R000	3–6 months R000	6–12 months R000	>12 months R000
Financial asset	1 774	1 774	3 555	2 766				
Financial liability	575	(158)	(318)	–	(26 604)	(17 971)	(17 369)	–

8 FINANCIAL INSTRUMENTS (continued)

8.7 Hedging details (continued)

	2010			2009		
	Amount accumulated in equity	Amount recycled from equity into		Amount accumulated in equity	Amount recycled from equity into	
Reconciliation of cash flow hedge accumulated in equity	Hedging reserve R000	Income statement R000	Asset/ (liability) R000	Hedging reserve R000	Income statement R000	Asset/ (liability) R000
Opening balance	169 521			(153 855)		
Amount recognised through other comprehensive income in the current year	91 401			171 781		
Amount removed from equity to income statement	(108 912)	108 912		143 860	(143 860)	
Deferred tax arising on interest rate swap	(60)		60	455		(455)
Translation adjustments	756			7 280		
Closing balance	152 706	108 912	60	169 521	(143 860)	(455)
Comprised of:						
Financial instruments	154 639			171 394		
Deferred tax	(1 933)			(1 873)		
	152 706			169 521		

8.8 Ship purchase option

The group has the option to purchase a vessel in 2011 at an agreed price of US$2 million. If the counterparty to the option elects not to transfer the vessel to the company at the exercised date, the group is entitled to receive a cash payment of US$13 million. As the market value of the vessel was in excess of US$14 million (the point at which it would become beneficial for the counterparty to transfer the vessel rather than settle in cash) at each reporting date, the fair value of the option has been calculated by discounting the cash receipt by the group.

	Group	
	2010 R000	2009 R000
Ship purchase option	76 732	79 758
At 31 December 2010, the sensitivity of the ship purchase option to a 10% movement in the market prices would have the following effect:		
10% increase		
Increase in option asset	(9 815)	(10 270)
Increase in profit	9 815	10 270
10% decrease		
Decrease in option asset	9 815	10 270
Decrease in profit	(9 815)	(10 270)

8 FINANCIAL INSTRUMENTS (continued)

8.9 Property purchase option

The group has the option to purchase a property on 31 December 2010 at an agreed price of R11,9 million (2009: R10,5 million). As the estimated market price of the property is R13,1 million at 31 December 2010 (2009: R12,7 million), the fair value of the option has been calculated as the difference between the market price and the agreed price. The market price was obtained from an external independent valuator and is based on the discounted future rentals expected to be generated by the property.

	Group	
	2010 R000	2009 R000
Property purchase option	**1 187**	2 233

8.10 The derivative financial instruments have been disclosed in the statement of financial position as follows:

	Hedging reserve 2010 R000	**Financial assets 2010 R000**	**Financial liabilities 2010 R000**	Hedging reserve 2009 R000	Financial assets 2009 R000	Financial liabilities 2009 R000
Forward currency exchange contracts on ships and other trading commitments	**–**	**21 789**	**(36 119)**	(884)	7 520	(10 212)
Cross currency swap	**–**	**–**	**–**	–	19 149	(120)
Forward freight agreements	**9 239**	**9 867**	**(1 052)**	(61 948)	18 736	(61 948)
Futures and options	**(156 968)**	**25 908**	**(20 653)**	(101 861)	18 153	(1 254)
Forward contracts	**–**	**50 875**	**(64 425)**	–	34 064	(41 931)
Interest rate swaps	**(6 910)**	**–**	**(34 882)**	(6 701)	–	(35 062)
Ship purchase option	**–**	**76 732**	**–**	–	79 758	–
Property purchase option	**–**	**1 187**	**–**	–	2 233	–
	(154 639)	**186 358**	**(157 131)**	(171 394)	179 613	(150 527)
Less portion due within one year included in trade and other payables/(receivables)	**–**	**(185 189)**	**141 193**	–	(77 752)	125 423
Long-term portion	**(154 639)**	**1 169**	**(15 938)**	(171 394)	101 861	(25 104)

	Group	
	2010 R000	2009 R000
9 RECOVERABLES ON CANCELLED SHIPS		
Opening balance	**238 589**	–
Transferred (to)/from ships	**(133 294)**	280 469
Impairment charged to income statement	**–**	(30 391)
Interest raised on recoverable amount	**–**	24 052
Interest transferred to other receivables	**(8 683)**	–
Cash receipt	**(95 640)**	–
Translation loss	**(972)**	(35 541)
	–	238 589

During the year, agreement was reached with the shipyard whereby the shipyard accepted the cancellation of two ships and the group agreed to take delivery of four ships already under construction.

		Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
10	**DEFERRED TAXATION**				
	Deferred taxation analysed by major category:				
	Capital allowances	**(176 514)**	(113 692)		
	Other timing differences	**57 268**	84 092	**603**	428
	STC credits	**5 560**	2 068	**1 715**	–
	Estimated taxation losses	**167 923**	164 343		
		54 237	136 811	**2 318**	428
	Reconciliation of deferred taxation:				
	Opening balance	**136 811**	140 825	**428**	7 059
	Income statement effect	**(28 990)**	3 044	**1 890**	(6 631)
	Transfer to/(from) non-distributable reserve	**60**	(455)		
	Foreign currency translation adjustment	**8 661**	(5 148)		
	Transferred to non-current liabilities associated with assets classified as held for sale	**–**	(80)		
	Acquisition of businesses	**(62 305)**	–		
	Disposal of businesses	**–**	(1 375)		
	Closing balance	**54 237**	136 811	**2 318**	428
	Comprising:				
	Deferred taxation assets	**179 126**	159 088	**2 318**	428
	Deferred taxation liabilities	**(124 889)**	(22 277)		
		54 237	136 811	**2 318**	428

		Group 2010 R000	Group 2009 R000
11	**LOANS AND ADVANCES TO BANK CUSTOMERS**		
	Loans and receivables	**1 519 272**	1 330 072
	Held at fair value through profit or loss using year-end market related interest rate yield curves to discount expected future cash flows	**190 524**	153 242
		1 709 796	1 483 314
	Loans and advances – companies and close corporations	**1 327 239**	1 156 651
	Loans and advances – unincorporated businesses	**109 247**	63 965
	Loans and advances – individuals	**114 682**	94 052
	Property in possession	**3 059**	3 059
	Preference shares	**134 122**	144 634
	Interest accrued	**13 385**	12 343
	Revaluation of loans held at fair value through profit or loss	**16 602**	12 035
	Less: impairments against advances	**(8 540)**	(3 425)
		1 709 796	1 483 314

Advances are made at market related rates of interest and are secured with various types of collateral such as cash, mortgage bonds, shares, discounted invoices, guarantees and suretyships. This book is considered to be well secured and impairments have been raised where impairment indicators exist.

Notes to the financial statements

for the year ended 31 December 2010

		Group	
		2010	2009
		R000	R000
11	**LOANS AND ADVANCES TO BANK CUSTOMERS (continued)**		
	Contractual maturity analysis:		
	Maturity on demand	**106 997**	295 941
	Maturing within one month	**461 847**	107 496
	Maturing after one month but within three months	**125 191**	11 621
	Maturing after three months but within six months	**121 985**	89 794
	Maturing after six months but within one year	**110 497**	150 177
	Maturing after one year but within three years	**415 070**	397 424
	Maturing after three years but within five years	**174 609**	212 794
	Maturing after five years but within ten years	**171 104**	196 039
	Maturing after ten years	**1 049**	1 075
	Interest accrued	**13 385**	12 343
	Revaluation of loans held at fair value through profit or loss	**16 602**	12 035
	Less: impairment against advances	**(8 540)**	(3 425)
		1 709 796	1 483 314
	Maximum exposure to credit risk	**1 718 336**	1 486 739
	Exposures with renegotiated terms	**–**	–
	The maturity analysis of advances is based on the remaining contractual periods to maturity from the reporting date and does not take repayment profiles into account.		
	Sectoral analysis:		
	Agriculture, hunting, forestry and fishing	**33 440**	6 807
	Mining and quarrying	**1 171**	17 618
	Manufacturing	**99 142**	38 217
	Construction	**–**	3 449
	Wholesale and retail trade, repair of specified items, hotels and restaurants	**149 147**	82 289
	Transport, storage and communication	**21 313**	31 074
	Financial intermediation and insurance	**24 090**	56 843
	Real estate	**814 026**	826 591
	Business services	**147 550**	88 380
	Community, social and personal services	**19 070**	15 783
	Private households	**63 241**	58 277
	Other	**337 606**	257 986
		1 709 796	1 483 314
	Geographical analysis:		
	South Africa	**1 709 796**	1 483 314
	Included in loans and advances are fixed rate loans designated as held at fair value through profit or loss:		
	Net book value of loans and advances held at fair value through profit or loss	**173 922**	141 208
	Revaluation of loans and advances held at fair value through profit or loss	**16 602**	12 035
	Fair value of loans and advances held at fair value through profit or loss	**190 524**	153 243
	Included in loans and advances are loans made to related parties at market related rates of interest:		
	Grindrod group companies – guarantees	**2 895**	2 895
	Directors (directly and indirectly)	**12 314**	–
		15 209	2 895

		Group 2010 R000	Group 2009 R000
11	**LOANS AND ADVANCES TO BANK CUSTOMERS (continued)**		
	Analysis of impairments:		
	Impairments at the beginning of the year	**(3 425)**	–
	Net increase in impairments	**(5 115)**	(3 425)
	Impairments at the end of the year	**(8 540)**	(3 425)
	Analysis of impaired loans and advances:		
	Loans and advances classified as special mention	**12 230**	16 391
	Loans and advances displaying significant weakness (*)	**10 972**	4 257
	Carrying amount of impaired loans and advances	**23 202**	20 648
	Collateral held against impaired loans and advances	**19 418**	19 891
	Sectoral analysis of impaired loans and advances:		
	Transport, storage and communication	**–**	39
	Community, social and personal services	**3 234**	2 365
	Real estate	**6 745**	12 334
	Business services	**7 063**	1 653
	Other	**6 160**	4 257
		23 202	20 648

(*) Refers to regulatory terminology in respect of financial institutions.

		Group 2010 R000	Group 2009 R000
12	**INVENTORIES**		
	Bunkers and other consumables	**70 062**	88 090
	Commodities		
	Agricultural	**519 560**	353 750
	Metal and mineral	**47 285**	8 837
	Merchandise and containers	**54 249**	49 472
	Transferred to non-current assets classified as held for sale	**–**	(345)
		691 156	499 804
	Reconciliation of held for sale assets	**–**	–
	Opening balance	**–**	98 710
	Transferred from ships, property, plant and equipment	**114 327**	487 346
	Transferred to receivables	**–**	(75 921)
	Additions	**–**	458 234
	Translation (loss)/gain	**(5 607)**	30 679
	Disposals	**(108 720)**	(999 048)

The fair value less costs to sell of the commodities inventory amounts to R547 836 000 (2009: R353 866 000).

Agricultural and other commodities, amounting to R570 050 000 (2009: R339 474 000) have been ceded to financial institutions in order to secure available borrowing facilities of R705 003 000 (2009: R420 442 000).

		Group		Company	
		2010	2009	2010	2009
		R000	R000	R000	R000
13	**TRADE AND OTHER RECEIVABLES**				
	Trade debtors	1 971 057	2 384 850	–	3
	Less: allowances for doubtful debts	(32 188)	(51 901)		
	Net trade debtors	1 938 869	2 332 949	–	3
	Prepayments	77 833	57 630	25	15
	Amounts due from subsidiaries			1 120 176	1 188 353
	Loans to joint ventures				
	Shareholders' loans	36 783	40 533		
	Current portion of derivative financial assets (note 8.10)	185 189	77 752		
	Other receivables	1 052 174	469 125	195	–
	Transferred to non-current assets classified as held for sale (note 16)	–	(4 382)		
		3 290 848	2 973 607	1 120 396	1 188 371

Trade and other receivables, other than the current portion of financial assets, are classified as loans and receivables at amortised cost and their carrying amount approximates fair value. Trade and other receivables are predominately non-interest bearing.

	Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
Included in the current portion of financial assets are the following:				
Forward exchange contracts on ships and other trading commitments	–	7 520		
Cross currency swaps	21 787	643		
Futures and options	101 366	16 903		
Forward contracts	50 874	31 718		
Forward freight agreements	7 107	18 735		
Other	4 055	2 233		
	185 189	77 752	–	–
Reconciliation of allowances for doubtful debts				
Opening balance	51 901	37 932		
Acquisition of businesses	–	4 158		
Increase in allowance	7 407	12 235		
Allowance utilised	(27 120)	(2 424)		
Closing balance	32 188	51 901	–	–

Concentrations of credit risk are limited due to the group's customer base being large and unrelated. Due to this, the directors believe there is no further credit risk provision required in excess of the allowance for doubtful debts.

	Group 2010 R000	Group 2009 R000
Trade debtors have been ceded to financial institutions in order to secure overdraft facilities as follows:	1 334 949	1 340 210
Trading	1 179 558	1 188 419
Freight Services	155 391	151 791

The shareholders' loans to joint ventures do not bear interest and there are no fixed repayment terms.

Refer to note 39 for disclosures relating to credit risk.

		Group 2010 R000	Group 2009 R000
14	**LIQUID ASSETS AND SHORT-TERM NEGOTIABLE SECURITIES**		
	Measured at amortised cost		
	Preference shares	**44 014**	33 805
	Statutory liquid assets		
	Negotiable certificates of deposit	**85 351**	70 287
		129 365	104 092
15	**SHORT-TERM LOANS**		
	Loan to Fincrop Risk Management (Pty) Limited	**163 099**	–
	Loan on sale of ship	**80 307**	–
	Trade finance and loans and advances	**276 412**	–
		519 818	–

During the year, the group entered into a local agricultural commodity origination project with Fincrop Risk Management (Pty) Limited which bears interest at a rate of prime plus 1% per annum and is payable in May and July 2011. The loan is secured by the agricultural commodity, crop insurance and procurement contracts on produce.

The loan arose on the sale of a ship to Petrochemical Shipping Limited, a joint venture of the group. The loan is unsecured, bears interest at LIBOR plus 4% per annum and is repayable on demand.

The trade finance and loans and advances bear interest at market related rates and are secured with trade assets, guarantees and suretyships.

		Group 2010 R000	Group 2009 R000
16	**NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**		
	Ships, property, terminals, vehicles and equipment		
	Leased terminals, vehicles and equipment	**–**	2 318
	Other investments	**–**	867
	Investment in associate	**–**	57
	Inventory	**–**	345
	Bank and cash	**–**	4 631
	Deferred taxation	**–**	80
	Trade and other receivables	**–**	4 382
		–	12 680
	Non-current liabilities associated with assets classified as held for sale		
	Trade and other liabilities	**–**	(5 193)
		–	(5 193)

Business disposals

In the prior year the group had decided to dispose of certain business in its Freight Services division. The major classes of assets and liabilities comprising the operations classified as held for sale at the reporting date have been set out above net of impairments recognised.

		Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
17	**SHARE CAPITAL AND PREMIUM**				
	AUTHORISED				
	2 750 000 000 ordinary shares of 0,002 cent each (2009: 2 750 000 000 ordinary shares of 0,002 cent each)	**55**	55	**55**	55
	20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each (2009: 20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each)	**6**	6	**6**	6
		61	61	**61**	61
	ISSUED				
	464 981 980 ordinary shares of 0,002 cent each (2009: 463 381 980 shares of 0,002 cent each)	**9**	9	**9**	9
	7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each (2009: 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each)	**2**	2	**2**	2
	SHARE PREMIUM	**28 671**	13 209	**422 843**	414 150
	Balance at beginning of year	**13 209**	–	**414 150**	495 158
	Premium on shares issued	**15 462**	13 209	**8 693**	12 709
	Net premium on shares acquired during the year from group companies	**–**	–	**–**	(93 717)
	Total issued share capital and premium	**28 682**	13 220	**422 854**	414 161

1 600 000 ordinary shares (2009: 3 950 000 ordinary shares) with a nominal value of R32,00 (2009: R79,00) were issued at a premium of R8 691 968 (2009: R12 708 421).

In the prior year, 19 044 230 ordinary shares and 100 000 preference shares were repurchased from a subsidiary for R287 567 877 and R9 150 000 respectively.

69 475 (2009: 137 256) cumulative, non-redeemable, non-participating and non-convertible preference shares with a nominal value of R110,54 (2009: R42,55) are held by a subsidiary of the group.

9 179 348 (2009: 9 179 348) ordinary shares are held by a subsidiary of the group.

The unissued shares, to the extent of a maximum of 10% of the issued shares, are under the control of the directors until the forthcoming annual general meeting.

In the current year, 67 781 treasury cumulative, non-redeemable, non-participating and non-convertible preference shares were sold for R6 768 000.

	Group 2010 R000	2009 R000
18 INTEREST-BEARING BORROWINGS		
Unsecured		
Aggregate loans	**114 258**	117 920
Secured		
Aggregate loans	**1 915 077**	982 769
Aggregate amounts repayable within one year	**(621 043)**	(179 902)
Long and medium-term financing	**1 408 292**	920 787
Short-term borrowings and overdraft	**1 495 401**	1 145 774
	2 903 693	2 066 561
Interest-bearing borrowings is classified as financial liabilities measured at amortised cost and its carrying value approximates fair value	**2 903 693**	2 066 561

Group assets of R4 244 304 000 (2009: R2 691 511 000) are pledged as security for loans of R3 524 736 000 (2009: R2 246 463 000).

The group determines its availability of funds and assesses its cash requirements on a weekly basis. Consideration is given to the most appropriate form of funding prior to any acquisitions. Group treasury determines the amount of unutilised facilities in assessing the funds available to the group. The net cash balances included in current assets and current liabilities are included in the determination of the headroom available.

Full details of the long and medium-term financing, their fair values and interest rate profiles are detailed on the schedule of loan funds on page 208.

Available facilities

Interest-bearing borrowings is raised to fund ships, property, terminals, vehicles, equipment and inventory. The facilities are fixed based on specific loan agreements and the specific assets against which the loans are secured.

The group has undrawn committed facilities as at 31 December 2010, as follows:

	Expiry date	Currency	Interest rate	2010 R000	2009 R000
Long-term borrowing facilities	12/2018	USD	1,91	**–**	30 733
	12/2018	USD	1,91	**–**	30 733
	06/2014	USD	1,23	**–**	82 176
	12/2014	USD	1,23	**–**	82 176
	06/2018	USD	2,86	**–**	184 250
	12/2016	USD	1,46	**–**	174 669
	02/2018	USD	4,78	**–**	90 172
	11/2014	ZAR	8,75	**–**	26 604
	12/2017	ZAR	8,75	**–**	16 470
Short-term borrowing facilities	06/2011	ZAR	6,50	**50 000**	150 000
	06/2011	ZAR	6,20	**399 000**	100 000
	12/2011	ZAR	6,05	**59 500**	55 000

The maturity profile of the group's borrowings is as follows:

	1 year R000	2 – 5 years R000	>5 years R000	Group R000
2010				
Interest-bearing borrowings repayable as follows	**2 116 444**	**970 247**	**438 045**	**3 524 736**
2009				
Interest-bearing borrowings repayable as follows	1 325 676	530 889	389 898	2 246 463

	Group 2010 R000	Group 2009 R000
19 EMPLOYEE BENEFIT OBLIGATIONS		
19.1 Provision for post-retirement medical aid		
The group subsidises the medical aid contributions of certain retired employees and has an obligation to subsidise contributions of certain current employees when they reach retirement.		
During the current financial year, the group undertook to offer pensioners a voluntary benefit in lieu of their current medical subsidy in order to close out the liability on the statement of financial position. The proposed offer had three options, namely an annuity offer, a cash offer or to remain in the scheme. A number of employees chose the annuity and cash offer. The provision has therefore been calculated on the remaining individuals on the scheme.		
The amounts recognised in the financial statements in this respect are as follows:		
Recognised liability at beginning of the year	**77 868**	77 900
Recognised as an expense in the current year	**563**	5 957
Interest on obligation	**143**	5 191
Current service cost	**11**	807
Actuarial gain/(loss) recognised	**409**	(41)
Contributions paid	**(3 367)**	(5 989)
Settlement		
Payment	**(9 765)**	–
Transferred to current liabilities	**(14 677)**	–
Present value of unfunded obligations recognised as a liability at end of the year	**50 622**	77 868
There are no unrecognised actuarial gains or losses.		
The principal actuarial assumptions applied in the determination of fair values include:		
Health care cost inflation	**7,8%**	7,8%
Discount rate	**8,8%**	8,8%
Continuation at retirement	**75%**	75%

An actuarial valuation was undertaken during 2010.

The effect of an increase or decrease of 1% in the assumed medical cost trend rates are as follows:

		2010 Effect of a 1% increase/(decrease)		2009 Effect of a 1% increase/(decrease)	
Aggregate of the current service cost and interest cost	(%)	**12,0**	**(10,1)**	14,6	(12,0)
Accrued liability at year-end	(%)	**11,5**	**(9,7)**	13,6	(11,3)

The history of experience adjustments is as follows:

	2010 R000	2009 R000	2008 R000	2007 R000	2006 R000	2005 R000
Present value of obligations	**50 622**	77 868	77 900	72 819	62 834	64 944
Fair value of plan assets	**–**	–	–	–	–	–
Present value of obligations in excess of plan assets	**50 622**	77 868	77 900	72 819	62 834	64 944
Experience adjustments on obligations	**–**	–	1 567	5 075	30 925	(5 547)
Experience adjustments on plan assets	**–**	–	–	–	–	–

19 EMPLOYEE BENEFIT OBLIGATIONS (continued)

19.2 Retirement benefit plans

The group provides privately administered pension and provident funds for all permanent employees except those who belong to an external fund, industry pension fund or provident scheme. All eligible employees are members of either defined benefit or defined contribution plans which are governed by the South African Pension Funds Act, 1956. An actuarial valuation was completed of the privately administered pension fund at 31 December 2010 taking into account the approval received from the Financial Services Board of the surplus apportionment process in terms of section 15B(9) of the Pension Funds Act, No. 24 of 1956. Accordingly, the group recognised the fund's surplus in the prior year.

The funded status of the pension fund is as follows:

		Group	
		2010	2009
		R000	R000
Actuarial value of assets		**108 984**	106 519
Present value of liabilities		**(73 913)**	(72 137)
Actuarial surplus		**35 071**	34 382
The next actuarial valuations will be performed on 31 December 2011. The employer's contribution to all retirement benefit plans are charged against income when incurred.			
The principal actuarial assumptions applied in the determination of fair values include:			
Discount rate	%	**8,5**	9,5
Salary increase	%	**6,3**	6,8
Pension increase	%	**3,3**	4,3

20 PROVISIONS

	2010 R000	2009 R000
Provision for onerous contracts		
Opening balance	**108 329**	199 556
(Released)/charged to income statement	**(74 228)**	48 613
Foreign exchange gain	**(442)**	(33 701)
Utilisation of provision	**(33 659)**	(106 139)
Balance at 31 December	**–**	108 329
Current portion included under current liabilities	**–**	(7 968)
Non-current portion of onerous contract provisions	**–**	100 361
Provision for share prices linked option		
Opening balance	**6 429**	–
Charged to income statement	**9 165**	6 505
Foreign exchange gain	**(136)**	(76)
Payments made	**(259)**	–
Balance at 31 December	**15 199**	6 429
Current portion included under current liabilities	**–**	(2 443)
Non-current portion of phantom share scheme	**15 199**	3 986
Aggregate	**15 199**	104 347

Onerous contracts

In the prior year, cash outflows in respect of the onerous contract provision were expected to arise over the course of the relevant charter period based on current estimates of the loss arising from the contracts. The provisions were fully utilised in the current year. The prior year provision was classified as a financial liability measured at amortised cost.

Provision for share price linked option

The share price linked option scheme provision relates to a remuneration scheme whereby certain employees of Grindrod Limited are entitled to receive a cash settlement based on the excess of the market price of shares and an agreed upon strike price. Refer to note 30.

		Group 2010 R000	Group 2009 R000
21	**INCOME RECEIVED IN ADVANCE**		
	Deposit received	–	117 921
	Current portion included under current liabilities	–	(29 480)
		–	88 441
	The contract relating to the income received in advance was renegotiated under different terms during the current year which resulted in the full recognition of the remaining balance in the income statement.		
22	**DEPOSITS FROM BANK CUSTOMERS**		
	Measured at amortised cost		
	Call deposits	**846 655**	1 031 656
	Notice and fixed deposits	**384 948**	408 837
	Prime linked notice deposits	**761 504**	294 268
	Interest accrued	**23 030**	21 365
		2 016 137	1 756 126
	Amounts owed to depositors	**1 837 315**	1 574 839
	Amounts owed to banks	**178 822**	181 287
		2 016 137	1 756 126
	Contractual maturity analysis:		
	Withdrawable on demand	**846 655**	1 031 656
	Maturing within one month	**146 148**	140 885
	Maturing after one month but within six months	**864 402**	347 218
	Maturing after six months	**135 902**	215 002
	Interest accrued	**23 030**	21 365
		2 016 137	1 756 126
	The maturity analysis of deposits is based on their remaining contractual periods to maturity from the reporting date.		
	Sectoral analysis:		
	Banks	**178 822**	181 287
	Government and public sector	**22 886**	124
	Individuals	**693 445**	690 432
	Business sector	**1 120 984**	884 283
		2 016 137	1 756 126
	Geographical analysis:		
	South Africa	**2 016 137**	1 756 126
	Included in deposits are funds from related parties earning interest at market related rates:		
	Directors (directly or indirectly)	**63 040**	102 255

		Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
23	**TRADE AND OTHER PAYABLES**				
	Trade creditors	**937 393**	1 337 486	**53**	281
	Accrued expenses	**1 058 759**	553 583	**3 816**	4 252
	Operating lease accrual	**19 122**	26 334		
	Loans from joint ventures				
	Shareholders' loans	**69 917**	79 674		
	Other payables	**254 182**	195 495	**1 013**	966
	Shareholders for dividends	**29 557**	32 416	**29 557**	32 416
	Amounts due to subsidiaries			**716 910**	939 548
	Current portion of derivative financial liabilities (note 8.10)	**141 193**	125 423		
	Transferred to non-current liabilities associated with assets classified as held for sale	**–**	(5 193)		
		2 510 123	2 345 218	**751 349**	977 463

Trade and other payables, other than the current portion of derivative financial liabilities, are measured at amortised cost and their carrying amounts approximate fair value. Trade and other payables are predominately non-interest-bearing.

Shareholders' loans comprising amounts due from joint venture parties, do not bear interest and have no fixed repayment terms.

Included in the current portion of financial liabilities are the following:

	Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
Forward exchange contracts on ships and other trading commitments	**36 119**	10 211		
Cross currency swaps	**–**	120		
Futures and options	**20 653**	1 254		
Forward contracts	**64 425**	41 930		
Other	**1 594**	9 960		
Interest rate swaps	**17 350**	–		
Forward freight agreements	**1 052**	61 948		
	141 193	125 423		

Refer to note 39 for liquidity disclosure.

		Group		Company	
		2010	2009	**2010**	2009
		R000	R000	**R000**	R000
24	**REVENUE**				
	Revenue comprises net invoiced value of clearing and forwarding, shipping and transport services, gross revenue earned from ship and locomotive sales, seafreight, chartering, warehousing, depot operations, net interest and fee income of the financial institution, ancillary services, investment income and revenue from sale of commodities and is analysed as follows:				
	Charter hire	**1 214 934**	1 422 693		
	Freight revenue	**2 576 484**	2 378 269		
	Net invoiced sales	**2 430 075**	2 011 958		
	Sale of commodities	**23 464 395**	20 427 789		
	Ship and locomotive sales	**130 445**	1 257 467		
	Net interest income of the financial institution	**48 472**	39 252		
	Fee income of the financial institution	**136 263**	87 844		
	Dividends received	**7 851**	15 672	**610 083**	1 313 721
	Handling fee and other revenue	**193 966**	51 097	**16 375**	19 383
		30 202 885	27 692 041	**626 458**	1 333 104
	Analysis of the financial institution's net interest income included above:				
	Interest income	**188 308**	172 678		
	Advances	**152 749**	115 517		
	Preference share dividends, advances portfolio	**11 702**	11 957		
	Balances at banks and short-term funds	**19 791**	34 029		
	Preference share dividends, negotiable securities portfolio	**3 718**	4 627		
	Other short-term securities	**6 078**	9 640		
	Paid on derivative instruments	**(5 730)**	(3 092)		
	Interest expense	**139 836**	133 426		
	Call deposits	**54 011**	66 662		
	Notice and fixed deposits	**30 385**	49 892		
	Other interest expense	**14 817**	2 485		
	Prime linked notice deposits	**40 623**	14 387		
	Net interest income	**48 472**	39 252		
	Interest income calculated using the effective interest method	**32 781**	23 887		
	Interest income at fair value through profit and loss	**15 691**	15 365		
		48 472	39 252		

	Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
25 OPERATING INCOME BEFORE INTEREST AND TAXATION				
Other income				
Ship option write up	**7 319**	1 183		
Foreign exchange gains	**35 265**	95 711	**–**	17 029
On foreign currency exposure	**34 681**	89 531	**–**	17 029
On commodity trading	**584**	6 180		
Pension fund surplus recognised	**689**	5 000		
Other sundry income	**175 484**	59 112		
Option income	**–**	42 955		
Cancellation fees	**–**	47 950		
Net gains/(loss) on financial instruments	**26 496**	122 316	**–**	(169)
	245 253	374 227	**–**	16 860
Operating expenses				
Voyage expenses	**2 437 001**	2 497 400		
Charter hire	**1 721 522**	2 007 784		
Fuel	**132 313**	165 583		
Port expenses	**199 930**	198 014		
(Utilisation of provision)/provision for onerous voyage contracts	**(74 228)**	48 613		
Other voyage expenses	**457 464**	77 406		
Cost of sales	**24 093 571**	22 128 878		
Agricultural commodities	**5 072 237**	6 708 681		
Bunker fuels	**17 066 471**	11 811 505		
Container handling and logistics	**1 078 793**	1 247 151		
Merchandise	**714 338**	610 921		
Ships	**108 724**	1 001 741		
Other commodities	**53 008**	748 879		
Distribution and selling costs	**49 843**	50 592	**2 350**	2 867
Staff costs	**1 214 264**	1 017 797	**6 314**	9 476
Foreign exchange losses	**99 879**	144 654	**412**	–
Other operating expenses	**1 249 445**	792 025	**40 154**	30 697
	29 144 003	26 631 346	**49 230**	43 040
Depreciation and amortisation				
Amortisation				
Leasehold properties	**8 914**	5 279		
Ships	**9 110**	5 004		
Depreciation – owned assets				
Ships	**99 083**	75 933		
Other	**184 802**	143 193		
Depreciation – capitalised leased assets				
Ships	**–**	6 337		
Other	**8 782**	10 144		
Amortisation of intangible assets	**29 781**	46 510		
	340 472	292 400	**–**	–

Notes to the financial statements

for the year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
		R000	R000	R000	R000
25	**OPERATING INCOME BEFORE INTEREST AND TAXATION (continued)**				
	The above costs are arrived at after including:				
	Auditors' remuneration				
	Audit fees – current year provision	25 754	21 984	2 681	2 720
	Prior year (over)/underprovision	(359)	2 265	(66)	107
	Fees for other services	5 492	6 225	483	327
	Expenses	476	413		
		31 363	30 887	3 098	3 154
	Operating lease rentals				
	Land and buildings	201 531	193 392		
	Ships	1 723 693	2 010 266		
	Other	7 233	5 794		
		1 932 457	2 209 452	–	–
	Professional fees				
	Administrative and managerial	28 168	38 580		
	Technical/projects	10 963	7 682		
		39 131	46 262	–	–
	Black economic empowerment costs	–	21 000		
	Share-based expenses	1 529	1 954		
	Amortisation of residual beneficiary stream	463	463		
	Provision for credit losses/impairment against advances	3 027	757		
26	**NON-TRADING ITEMS**				
	Reversal of impairment/(impairment) of ships, property, terminals, vehicles and equipment	19 989	(3 617)		
	Impairment of investments	–	(2 723)	(7 510)	(455)
	Impairment of goodwill	(39 165)	(990)		
	Reversal of impairment of intangible assets	1 452	46 886		
	Impairment of ships	–	(30 391)		
	Negative goodwill released	473	156		
	Profit on disposal of investments	11 327	2 081	–	3 082
	Profit on disposal of property, terminals, vehicles and equipment	1 489	1 674		
	Foreign exchange losses realised from non-distributable reserves on disposal of business	16 856	805		
		12 421	13 881	(7 510)	2 627

		Group		Company	
		2010	2009	**2010**	2009
		R000	R000	**R000**	R000
27	**NET FINANCE COSTS**				
	Interest received	**135 204**	161 328	**497**	1 382
	Net interest paid	**(196 675)**	(252 695)	**(154)**	–
	Interest paid	**(197 557)**	(254 028)	**(154)**	–
	Interest capitalised	**882**	1 333		
		(61 471)	(91 367)	**343**	1 382
	Interest received is classified as received from loans and receivables at amortised cost.				
	Interest paid is classified as paid to the following:				
	Financial liabilities held at amortised cost	**(174 508)**	(222 341)	**(154)**	–
	Finance leases	**(22 167)**	(30 354)		
		(196 675)	(252 695)	**(154)**	–
	Net finance costs excludes interest from the financial institution of the group.				
28	**TAXATION**				
	South African normal taxation				
	Current				
	On income for the year	**(40 690)**	(48 260)	**–**	(2 680)
	Capital gains taxation	**(1 421)**	(35)		
	Prior year	**16 412**	(3 162)	**(1 090)**	1 499
	STC	**(38 819)**	(44 196)	**(29 349)**	(40 212)
	Deferred				
	On income for the year	**(39 554)**	12 848	**175**	745
	Prior year	**4 686**	(14 484)		
	On STC credits	**4 016**	(11 996)	**1 715**	(7 376)
	Foreign				
	Current				
	On income for the year	**(45 399)**	(65 049)		
	Prior year	**(3 145)**	(2 514)		
	Deferred				
	On income for the year	**1 297**	16 676		
	Prior year	**565**	–		
	Associate companies				
	Current				
	On income for the year	**(11 790)**	(23 990)		
	Deferred				
	On income for the year	**–**	(3 913)		
		(153 842)	(188 075)	**(28 549)**	(48 024)

		Group		Company	
		2010 R000	2009 R000	2010 R000	2009 R000
28	**TAXATION (continued)**				
	Effective rate of taxation	%	%	%	%
	Normal rate of taxation	28,0	28,0	28,0	28,0
	Adjusted for:				
	Current year taxation losses utilised	1,7	(0,7)	0,5	–
	Exempt income	(11,9)	(14,5)	(30,0)	(28,1)
	Non-taxable foreign items	(7,6)	(17,0)		
	Non-allowable items	3,7	14,2	1,4	0,8
	Capital gains taxation	(0,1)	–		
	STC	3,5	5,2	4,8	3,1
	Prior year	(1,9)	1,3	0,3	(0,1)
	Effective rate of taxation	15,4	16,5	5,0	3,7

Subsidiary companies have estimated tax losses of R654 124 000 (2009: R650 803 000) of which R532 942 000 (2009: R500 245 000) has been utilised in the calculation of deferred taxation.

The Shipping entities within the group operated under the United Kingdom tonnage tax regime and the Singapore Approved International Shipping Enterprise Incentive (AIS) rules, for corporate taxation purposes. Under the UK regime, taxation is paid on the tonnage earned by the fleet rather than on corporate income earned from shipping operations. The Singapore AIS regime exempts from corporate income taxes the profits of qualifying shipping activities. Non-qualifying activities are taxed at normal corporate income taxation rates. As at 31 December 2010, all tanker shipping activities were moved from the United Kingdom to Singapore.

		Group	
		2010 R000	2009 R000
29	**EARNINGS PER SHARE**		
	Basic earnings reconciliation		
	Profit attributable to owners of parent	838 846	941 786
	Less preference dividends	(58 594)	(69 023)
	Profit attributable to ordinary shareholders	780 252	872 763
	Basic earnings per share is based on earnings of	780 252	872 763
	and		
	on the weighted average number of shares in issue for the year (000’s)	454 591	452 278
	Diluted earnings per share is based on earnings of	780 252	872 763
	and		
	on the diluted weighted average number of shares in issue for the year (000’s)	455 912	454 436
	Reconciliation of weighted average number of shares (000’s)		
	Basic average number of shares in issue	454 591	452 278
	Shares that will be issued for no value in terms of share option scheme	1 321	2 158
	Diluted average number of shares in issue	455 912	454 436
	Earnings per share (cents)		
	Basic	171,6	193,0
	Diluted	171,1	192,1
	Headline earnings per share is based on headline earnings of	761 877	857 318
	and		
	on the weighted average number of shares in issue for the year (000’s)	454 591	452 278
	Diluted headline earnings per share is based on headline earnings of	761 877	857 318
	and		
	on the weighted average number of shares in issue for the year (000’s)	455 912	454 436
	Headline earnings per share (cents)		
	Basic	167,6	189,6
	Diluted	167,1	188,7

	2010 Gross R000	2010 Net of tax and non-controlling interests R000
29 EARNINGS PER SHARE (continued)		
Headline earnings reconciliation:		
Earnings attributable to ordinary shareholders		**780 252**
Adjusted for:		
IAS 16 Reversal of Impairment of Ships, Property, Terminals, Vehicles and Equipment	**(19 989)**	**(19 989)**
IAS 38 Impairment of Goodwill	**39 165**	**33 199**
IAS 38 Reversal of Impairment of Intangible Assets	**(1 452)**	**(1 452)**
IFRS 3 Negative Goodwill Released	**(473)**	**(473)**
IFRS 3 Profit on Disposal of Investments	**(11 327)**	**(11 327)**
IAS 16 Profit on Disposal of Property, Terminals, Vehicles and Equipment	**(1 489)**	**(1 477)**
IAS 21 The Effect of Changes in Foreign Exchange Rates on Disposal of Business	**(16 856)**	**(16 856)**
Headline earnings	**(12 421)**	**761 877**

	2009 Gross R000	2009 Net of tax and non-controlling interests R000
Headline earnings reconciliation:		
Earnings attributable to ordinary shareholders		872 763
Adjusted for:		
IAS 16 Impairment of Ships, Property, Terminals, Vehicles and Equipment	36 731	35 060
IAS 16 Impairment of Goodwill	990	990
IAS 16 Reversal of Impairment of Intangible Assets	(46 886)	(46 886)
IFRS 3 Negative Goodwill Released	(156)	(156)
IFRS 3 Profit on Disposal of Investments	(2 081)	(2 081)
IAS 16 Loss on Disposal of Property, Terminals, Vehicles and Equipment	(1 674)	(1 567)
IAS 21 The Effect of Changes in Foreign Exchange Rates on Disposal of Business	(805)	(805)
Headline earnings	(13 881)	857 318

30 SHARE-BASED PAYMENTS

Equity-settled share option plan

The company has a share option scheme for certain employees of the group. The options vest over a total period of 7 years from the option date as follows:

– a fifth of the options granted vest after 3 years;
– a further fifth of the options vest after 4 years;
– a further fifth of the options vest after 5 years;
– a further fifth of the options vest after 6 years; and
– a further fifth of the options vest after 7 years.

Options are exercisable at a price equal to the average quoted market price of the company's shares on the date of grant. All options expire 10 years after grant date.

Options are forfeited if the employee leaves the group before the options vest.

30 SHARE-BASED PAYMENTS (continued)

Equity-settled share option plan

	Group			
	2010		2009	
	Number of share options	Weighted average exercise price (cents)	Number share options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	**5 500 000**	891	9 450 000	653
Exercised during the year	**(1 600 000)**	495	(3 950 000)	172
Outstanding at the end of the year	**3 900 000**	1 034	5 500 000	891
Exercisable at the end of the year	**2 200 000**		1 350 000	

The weighted average share price at the date of exercise for the share options exercised during the year was R4,95 (2009: R1,72). Details of the options outstanding at the end of the year are disclosed in the remuneration's report on page 80.

The fair values were calculated using a stochastic model based on the standard binomial options pricing model. This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour. The valuation was performed by independent actuaries. The inputs into the model were as follows:

Weighted average share price	(cents)	1 253
Weighted average exercise price	(cents)	1 253
Expected rolling volatility		
five-year expected option lifetime	(%)	43,64
six-year expected option lifetime	(%)	39,45
seven-year expected option lifetime	(%)	34,82
Expected option lifetime		
vesting periods three and four	(years)	5
vesting periods five and six	(years)	6
vesting period seven	(years)	7
Risk-free rate based on zero-coupon government bond yield		
five-year expected option lifetime	(%)	7,41
six-year expected option lifetime	(%)	7,47
seven-year expected option lifetime	(%)	7,52
Expected dividend yield	(%)	3,38
Forfeiture rate per annum compound	(%)	10,00

Expected volatility was determined by calculating an annualised standard deviation of the continuously compounded rates of return of the company's share. The expected life used in the model has been adjusted, based on management's best estimate, for the affects of employee turnover and exercise behaviour.

The group recognised expenses related to these equity-settled share-based payment transactions during the year, details of which have been disclosed on note 25.

Cash-settled share-based payments

The group issues to certain employees share appreciation rights (SARs) that require the group to pay the intrinsic value of the SAR to the employee at the date of exercise. The group has recorded liabilities of R15 199 000 (2009: R6 429 000). The group recorded total expenses of R9 165 000 (2009: R6 505 000).

The fair values were calculated using a stochastic model based on the standard binomial options pricing model. This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

30 SHARE-BASED PAYMENTS (continued)

Cash-settled share-based payments (continued)

The valuation was performed by independent actuaries. The inputs into the model were as follows:

		Group 2010	2009
Share price	(cents)	**1 895**	1 780
Expected rolling volatility			
three-year expected option lifetime	(%)	**29,63**	44,93
four-year expected option lifetime	(%)	**31,76**	51,12
five-year expected option lifetime	(%)	**38,82**	46,70
Expected option lifetime			
vesting periods three	(years)	**3**	3
vesting periods four	(years)	**4**	4
vesting periods five	(years)	**5**	5
Risk-free rate based on zero-coupon government bond yield			
three-year expected option lifetime	(%)	**5,64**	7,78
four-year expected option lifetime	(%)	**5,77**	8,50
five-year expected option lifetime	(%)	**6,10**	9,17
Expected dividend yield	(%)	**4,18**	3,73
Forfeiture rate per annum compound	(%)	**6,00**	10,00

31 CAPITAL COMMITMENTS

	2010	2009
Authorised and contracted for	**1 047 339**	2 243 062
Due within one year	**813 190**	1 455 328
Due between years one and two	**196 906**	702 953
Due thereafter	**37 243**	84 781
Authorised and not contracted for	**400 761**	56 434
	1 448 100	2 299 496
Financing guarantees	**138 868**	43 366
Financing guarantees are provided where lending facilities have been approved and all the terms and conditions of the loan have been met.		
Irrevocable unutilised facilities to be advanced to Bank customers	**94 796**	29 560

Irrevocable unutilised facilities are approved lending facilities which cannot be unconditionally withdrawn, prior to facility expiry, by the Bank.

The group's total capital commitments per category of significant assets are as follows:

2010	2011 R000	2012 R000	Thereafter R000	Total R000
Ships	**803 014**	**194 151**	**33 762**	**1 030 927**
Property, terminals, vehicles and equipment	**325 501**	**79 888**	**5 874**	**411 263**
Intangible assets	**4 954**	**517**	**439**	**5 910**
	1 133 469	**274 556**	**40 075**	**1 448 100**

2009	2010 R000	2011 R000	Thereafter R000	Total R000
Ships	857 663	635 193	84 781	1 577 637
Property, terminals, vehicles and equipment	465 401	63 020	1 000	529 421
Intangible assets	5 000	5 000	–	10 000
Investment in businesses	176 678	5 760	–	182 438
	1 504 742	708 973	85 781	2 299 496

31 CAPITAL COMMITMENTS (continued)

These commitments will be funded by cash resources, cash generated from operations and bank financing facilities. The group has carried out a detailed liquidity planning exercise and is confident that it has the necessary resources to comfortably meet its capital and other commitments.

An amount of $29 780 000 included in 2011 has been paid in advance and included in ships under construction.

The group's share of the capital commitments (included in above) of its jointly controlled entities referred to in note 35, is as follows:

	2010 R000	2009 R000
Ships	192 119	260 219
Property, terminals, vehicles and equipment	73 736	24 500
	265 855	284 719

32 CONTINGENT LIABILITIES

The company has guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 692 400 000 (2009: R3 757 200 000) of which R2 014 900 000 (2009: R1 569 500 000) had been utilised at year-end.

The company has guaranteed charter hire payments of subsidiaries amounting to R1 718 100 000 (2009: R1 711 900 000). The charter hire payments are due by the subsidiaries in varying amounts from years 2011 to 2018.

The total contingent liabilities incurred by the group arising from interests in joint ventures is R37 044 000 (2009: R32 947 000).

	Group			
	2010 Year-end rates	2010 Average rates	2009 Year-end rates	2009 Average rates
33 FOREIGN CURRENCY DENOMINATED ITEMS				
All foreign currency denominated items are translated in terms of the group's policies.				
At 31 December exchange rates used on conversion were:				
US Dollar	6,62	7,34	7,37	8,46
Euro	8,77	9,74	10,64	11,78
Pound Sterling	10,26	11,35	11,79	13,23
Swedish Krona	0,99	1,02	1,03	1,09
Singapore Dollar	5,18	5,38	5,29	5,75
Danish Krone	1,19	1,30	1,43	1,54
Japanese Yen	0,08	0,08	0,08	0,09
Botswana Pula	1,03	1,08	1,12	1,19
Tanzanian Shilling	–	0,01	0,01	0,01
New Mozambican Metical	0,21	0,21	0,26	0,31

34 LEASES AND SHIPCHARTERS

34.1 Operating leases and shipcharters

34.1.1 Receivables

The minimum future lease and shipcharters receivable under non-cancellable operating leases and charter party agreements are as follows:

2010	1 year R000	2 – 5 years R000	>5 years R000	Group R000
Ships	**327 445**	**339 910**	**159 760**	**827 115**
Property	**2 834**	**11 217**	**48 605**	**62 656**
	330 279	**351 127**	**208 365**	**889 771**
2009				
Ships	479 644	593 677	34 836	1 108 157
Property	3 467	3 783	–	7 250
	483 111	597 460	34 836	1 115 407

34.1.2 Payables

The minimum future lease and shipcharters payable under non-cancellable operating leases and charter party agreements are as follows:

2010	1 year R000	2 – 5 years R000	>5 years R000	Group R000
Ships	**545 273**	**1 349 478**	**384 386**	**2 279 137**
Property	**127 754**	**348 198**	**267 340**	**743 292**
Terminals, vehicles and equipment	**4 170**	**2 737**	**5 552 792**	**5 559 699**
	677 197	**1 700 413**	**6 204 518**	**8 582 128**
2009				
Ships	742 893	1 947 810	562 500	3 253 203
Property	79 404	236 650	194 308	510 362
Terminals, vehicles and equipment	265 614	705 987	–	971 601
	1 087 911	2 890 447	756 808	4 735 166

The group has the option to extend the ship charters at predetermined rates in respect of certain ships. In addition, the group has the option to acquire certain ships at predetermined prices.

34.2 Finance leases

34.2.1 Liabilities

Included in interest-bearing borrowings are capitalised finance lease liabilities in respect of ships, property, terminals, vehicles and equipment in favour of various local financial institutions, details of which are as follows:

2010	1 year R000	2 – 5 years R000	>5 years R000	Group R000
Future minimum lease payments	**193 956**	**321 777**	**–**	**515 733**
Future interest	**(26 834)**	**(29 996)**	**–**	**(56 830)**
Present value of future minimum lease payments	**167 122**	**291 781**	**–**	**458 903**
2009				
Future minimum lease payments	16 597	28 131	–	44 728
Future interest	(2 431)	(2 549)	–	(4 980)
Present value of future minimum lease payments	14 166	25 582	–	39 748

Details relating to redemption dates, interest rates and assets encumbered are set out in the schedule of loan funds on page 208.

				Group 2010 R000	Group 2009 R000
35	**JOINT VENTURE INTERESTS**				
	The group has joint venture interests in the following companies, which have the same year-end as the company unless otherwise stated:				
	Handyventure (Singapore) Pte Limited	Shipowning and operating	(%)	**50,0**	50,0
	Petrochemical Shipping Limited	Shipowning	(%)	**50,0**	50,0
	Röhlig-Grindrod (Pty) Limited	Clearing and forwarding	(%)	**50,0**	50,0
	Unicorn Calulo Shipping Services (Pty) Limited	Barge operations	(%)	**50,0**	50,0
	Chromtech Holdings (Pty) Limited	Minerals trading	(%)	**50,0**	50,0
	Unicorn-Heidmar Tankers LLC	Ship operating	(%)	**50,0**	50,0
	Tri-View Shipping Pte Limited	Shipowning and operating	(%)	**51,0**	51,0
	Vanguard Rigging (Pty) Limited	Machine handling, rigging and transport services	(%)	**50,0**	50,0
	IM Shipping Pte Limited	Shipowning and operating	(%)	**51,0**	51,0
	Portus Indico – Sociedade de Servicos Poruarios SA	Port operations	(%)	**48,5**	48,5
	Crocodile Chrome (Pty) Limited	Minerals trading	(%)	**50,0**	50,0
	Otjozondu Mining (Pty) Limited	Minerals mining	(%)	**24,5**	24,5
	East Coast Maritime (Pty) Limited	Minerals trading	(%)	**50,0**	50,0
	RRL Grindrod (Pty) Limited	Rail operations	(%)	**50,0**	50,0
	RRL Grindrod Locomotives (Pty) Limited	Rail owning	(%)	**50,5**	50,5
	The proportionate interest in the joint ventures has been incorporated into the results, cash flow, assets and liabilities as follows:				
	Income statement				
	Revenue			**1 178 269**	2 663 803
	Operating income before interest and taxation			**117 845**	16 426
	Net interest (paid)/received			**(18 002)**	378
	Taxation			**(28 256)**	(9 410)
	Net income after taxation			**71 587**	7 394
	Statement of cash flow				
	Cash (outflow)/inflow from operating activities			**(39 062)**	290 564
	Cash outflow from investing activities			**(31 180)**	(284 490)
	Cash inflow from financing activities			**5 344**	86 617
	Net cash (outflow)/inflow			**(64 898)**	92 691
	Statement of financial position				
	Non-current assets			**811 164**	809 419
	Current assets			**641 513**	526 843
	Non-current liabilities			**(146 055)**	(99 233)
	Current liabilities			**(643 315)**	(608 692)
	Net assets			**663 307**	628 337
	Total liabilities comprise:				
	Interest-bearing borrowings			**(260 331)**	(229 058)
	Non-interest-bearing liabilities			**(529 039)**	(478 867)
	The proportionate share of the capital commitments of the joint ventures, which have been incorporated in the group's overall capital commitments detailed in note 31, are as follows:				
	Authorised and contracted for			**204 155**	284 719
	Due within one year			**119 896**	284 719
	Due between years one and two			**84 259**	–
	Authorised and not contracted for			**61 700**	–
				265 855	284 719

	Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
36 CASH FLOW				
36.1 Reconciliation of operating profit before interest and taxation to cash generated from/(absorbed by) operations				
Operating profit before interest and taxation	**963 663**	1 142 522	**577 228**	1 306 924
Adjustments for:				
Depreciation	**301 580**	240 886		
Share option expense	**1 529**	22 954		
Dividends received			**(610 083)**	(1 313 721)
Amortisation of intangible assets and drydocking	**38 891**	51 514		
Non-cash financial instruments and foreign exchange losses/(gains)	**76 138**	(60 213)	**–**	169
Profit on sale of ships and locomotives	**(6 455)**	(255 726)		
Ship option write-up	**(7 319)**	(1 183)		
Non-cash provisions/other	**(27 989)**	(5 030)	**11 481**	6 064
Operating profit before working capital changes	**1 340 038**	1 135 724	**(21 374)**	(564)
Working capital changes				
(Increase)/decrease in inventories	**(214 744)**	317 626		
(Increase)/decrease in trade and other receivables	**(275 914)**	(95 104)	**(207)**	92
Decrease in trade and other payables	**(74 295)**	(440 499)	**(619)**	(691)
Cash generated from/(absorbed by) operations	**775 085**	917 747	**(22 200)**	(1 163)
36.2 Dividends paid				
Dividends paid by company	**(320 524)**	(539 761)	**(325 752)**	(550 292)
36.3 Taxation paid				
Balance at the beginning of the year	**(64 300)**	(147 557)	**(903)**	3 665
Current year	**(113 062)**	(163 216)	**(30 439)**	(41 393)
Foreign exchange translation	**(4 720)**	6 014		
Businesses acquired	**3 480**	–		
Balance at the end of the year	**(5 023)**	64 300	**1 681**	903
Taxation paid	**(183 625)**	(240 459)	**(29 661)**	(36 825)
36.4 Ships, property, terminals, vehicles and equipment acquired				
Additions – ships and locomotives	**(1 040 159)**	(793 207)		
Additions – property, terminals, vehicles and equipment	**(363 062)**	(359 095)		
Cash flow on acquisition of ships, property, terminals, vehicles and equipment	**(1 403 221)**	(1 152 302)	**–**	–

	Group 2010 R000	Group 2009 R000	Company 2010 R000	Company 2009 R000
36 CASH FLOW (continued)				
36.5 Acquisition of subsidiaries and joint ventures				
During the year the group acquired additional interests in subsidiaries and joint ventures as follows:				
Ships, property, terminals, vehicles and equipment	**(472 028)**	(17 834)		
Investments	**(5 807)**	–		
Working capital	**(45 752)**	(7 307)		
Bank overdraft	**54 757**	7 018		
Long-term liabilities	**303 492**	5 488		
Deferred taxation	**62 305**	–		
Taxation asset	**(3 480)**	–		
Goodwill and intangible assets	**(141 146)**	(189 072)		
Total purchase price	**(247 659)**	(201 707)		
Less cash and cash equivalents	**(54 757)**	(7 018)		
Cash flow on acquisition net of cash acquired	**(302 416)**	(208 725)		
36.6 Disposal of subsidiaries and joint ventures				
In the prior year the group disposed of its interests in subsidiaries and joint ventures as follows:				
Ships, property, terminals, vehicles and equipment	**–**	123		
Investments	**–**	248	**–**	482
Working capital	**–**	(1 912)		
Cash and bank	**–**	2 299		
Non-controlling interest	**–**	26 146		
Loans from non-controlling interest	**–**	(16 146)		
Deferred taxation	**–**	1 375		
Goodwill and intangible assets	**–**	2 318		
Total purchase price	**–**	14 451	**–**	482
Less cash and cash equivalents	**–**	(2 299)		
Cash flow on acquisition net of cash acquired	**–**	12 152	**–**	482
36.7 Cash and cash equivalents				
Cash and cash equivalents included in the cash flow comprise the following statement of financial position amounts:	**1 277 172**	1 922 327	**–**	2 057
Deposits with the SA Reserve Bank	**41 389**	32 907		
Bank and cash balances included in non-current assets held for sale	**–**	4 632		
Interbank call deposits	**323 432**	380 161		
Bank balances and cash	**912 351**	1 504 627	**–**	2 057
Bank overdrafts	**(309 640)**	(253 045)		
	967 532	1 669 282	**–**	2 057

37 ACQUISITION OF SUBSIDIARIES

During the year the group acquired the following additional interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired	Purchase consideration R000
United Barge Owners B.V. and Associated Bunkeroil Contractors B.V.	Bunker barge owning and fuel trading	100,0	1 May 2010	82 878
Fuelogic (Pty) Limited	Bulk liquid fuel transporter	100,0	21 April 2010	159 887
Sinpor Trading (Pty) Limited	Trading entity	50,0	1 February 2010	4 894

Reason for acquisitions

The primary reason for the business acquisitions was to expand Grindrod's presence into new markets and geographical areas in the petrochemical, fuel trading, bunker barge and stainless steel businesses.

Impact of the acquisitions on the results of the group

From the dates of their acquisition, the acquired businesses contributed attributable profit of R13 797 000.

Details of contingent consideration

The acquisition of Fuelogic (Pty) Limited, United Barge Owners B.V. and Associated Bunkeroil Contractors B.V. requires the group to pay contingent considerations to the vendors of R17 122 000 and EUR1 500 000 respectively over the next three years if the entities' net profit after tax exceeds certain earning targets.

Net assets acquired in the transactions and the goodwill/intangible assets arising, are as follows:

Net assets acquired	Acquirees' carrying amount before combination R000	Fair value adjustments R000	Fair value R000
Ships, property, terminals, vehicle and equipment	472 028		472 028
Intangible assets	4 441		4 441
Investments	5 807		5 807
Taxation	3 480		3 480
Working capital	45 752		45 752
Cash and bank	(54 757)		(54 757)
Long-term liabilities	(303 492)		(303 492)
Deferred taxation	(62 305)		(62 305)
Total	110 954	–	110 954
Goodwill and intangible assets arising on acquisition (refer to note 3 for details)			136 705
			247 659

The goodwill arising on the acquisition of these businesses is attributable to the anticipated profitability of these businesses and synergies expected.

38 RELATED PARTY TRANSACTIONS

During each period the group, in the ordinary course of business, enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

	Group			
	Influence holders in the group R000	Associates R000	Joint ventures R000	Amounts due by/(to) related party R000
2010				
Goods and services sold to:				
Ocean Africa Container Lines (Pty) Limited		**4 202**		**129**
Röhlig-Grindrod (Pty) Limited			**2 131**	**137**
Spinnaker Shipping & Logistics (Pty) Limited		**257**		**192**
Vanguard Rigging (Pty) Limited			**135**	**139**
Engen Petroleum Limited			**1 809**	**(79 815)**
Petrologistics (Pty) Limited		**15 880**		**3 370**
Goods and services purchased from:				
Maputo Port Development Company		**17 401**		**503**
Calulo Services (Pty) Limited				**(8 258)**
Catfish Investments (Pty) Limited	**693**			
DC Technology Consultants (Pty) Limited	**28 072**			
Calulo Investment (Pty) Limited	**180**			
Barberry Group CC	**3 512**			**(552)**
Barberry Cargo Terminals (Pty) Limited	**1 809**			**(134)**
Nicolle Shipping (Pty) Limited	**329**			
	34 595	**37 740**	**4 075**	**(84 289)**
2009				
Goods and services sold to:				
Ocean Africa Container Lines (Pty) Limited		958		142
Röhlig-Grindrod (Pty) Limited			1	347
Spinnaker Shipping & Logistics (Pty) Limited		235		460
Erundu Stevedoring (Pty) Limited		278		
Vanguard Rigging (Pty) Limited			240	67
Corrline (Pty) Limited			2 837	
East Coast Maritime (Pty) Limited			1 169	
Goods and services purchased from:				
Maputo Port Development Company		36 975		3 564
Catfish Investments (Pty) Limited	668			
LCL Grindrod (Pty) Limited			9	
Ocean Africa Container Lines (Pty) Limited		2 758		
Röhlig-Grindrod (Pty) Limited			6 574	
Petrochemical Shipping Limited			931	
East Coast Maritime (Pty) Limited			2 374	
Nicolle Shipping (Pty) Limited	305			
	973	41 204	14 135	4 580

38 RELATED PARTY TRANSACTIONS (continued)

	Company			
	Dividends received R000	Other revenue received R000	Guarantee fees and other expenses paid R000	Amounts due by/(to) related party R000
2010				
Subsidiaries				
Grindrod Freight Services (Pty) Limited	46 550			753 595
Grindrod Financial Holdings Limited				
Grindrod Freight Investments (Pty) Limited	25 641			(4 073)
Grindrod Management Services (Pty) Limited			(7 395)	(184 636)
Grindrod Shipping Limited	430 716	1 378	(26 479)	(23 771)
Grindrod Shipping South Africa (Pty) Limited		14 997		20 977
Grindrod Trading Holdings (Pty) Limited	75 845			(50 398)
Swallow Enterprises Incorporated				4 803
Unicorn Shipping Holdings Limited				72
Unicorn Shipping (Pty) Limited				21
Unilog (Pty) Limited	31 331			
Grincor Shipping Holdings Limited				(113 325)
	610 083	16 375	(33 874)	403 265
2009				
Subsidiaries				
Grindrod Freight Services (Pty) Limited	165 099	395		812 325
Grindrod Financial Holdings Limited	28 378			
Grindrod Freight Investments (Pty) Limited	73 180	311		(4)
Grindrod Management Services (Pty) Limited		3 468	(4 429)	(422 863)
Grindrod Shipping Limited	811 168	13 244	(21 267)	(7 707)
Grindrod Shipping South Africa (Pty) Limited		1 965		26 004
Grindrod Trading Holdings (Pty) Limited	235 896			(50 559)
Swallow Enterprises Incorporated				4 844
Unicorn Shipping Holdings Limited				72
Unicorn Shipping (Pty) Limited				21
Grincor Shipping Holdings Limited				(113 325)
	1 313 721	19 383	(25 696)	248 808

Associates
Details of material investments in associates are set out in note 6. Dividends received from associate companies amounted to R18 056 000 (2009: R78 893 000).

Joint ventures
Details of interests in joint ventures are set out in note 35.

Subsidiaries
Details of investments in subsidiaries are set out in note 4 and in the schedule of interest in subsidiaries on page 209.

Directors
Details of directors' interests in the company and directors' emoluments are set out in the directors' report and remuneration report, respectively.

Shareholders
The principal shareholders of the company are detailed in the share analysis schedule.

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal risks to which the group is exposed through financial instruments are:

– foreign currency risk;

– commodity risk;

– shipping market risk;

– interest rate risk;

– credit risk;

– counterparty risk;

– liquidity risk; and

– solvency risk.

The group's overall strategy with regard to liquidity and financial risk is guided by the corporate objective to maximise the group's cash flow, actively manage its risk and reduce earnings volatility in a cost effective manner.

Divisional and group treasury aim to negotiate finer rates for borrowings and avoid restrictive covenants, which limit the board's flexibility to act. The group also aims to minimise transaction charges from the company's banks, maximise interest income and minimise interest cost through efficient cash management practices.

Commodity price exposure is managed by the Trading division. Main risk exposures are yellow maize, corn, soya bean meal, wheat, bunker fuel, iron ore and chrome.

Treasury function

The treasury function incorporates the following main sections:

– foreign exchange management;
– cash management;
– funding and liquidity management;
– counterparty and credit risk management;
– interest rate exposure management; and
– bank relationship management.

Treasury management committee (TMC)

The TMC meets eight times a year and reviews the total risk management process. It is responsible for implementing, reviewing and maintaining the treasury management policies. The TMC membership consists of the group financial director, Freight Services treasurer, Shipping treasurer, Trading treasurer and the group treasury accountant. In addition to the risk management process, the TMC reviews the following functions:

– forecast liquidity and funding requirements;

– foreign exchange cover levels based on the exchange rate views;

– performance of market risk management;

– interest rate exposure and cover levels; and

– reporting on divisional treasury positions.

Financial director

The financial director together with the divisional executives are responsible for the ultimate approval of day-to-day treasury activities and reporting on treasury matters.

Executive committee

The executive committee reviews all treasury related proposals and strategies that require board approval prior to submission.

Board of directors

The board of directors is the highest approval authority for all treasury matters. A formal treasury review performed by the treasury department is tabled quarterly. Material changes to the policies and urgent treasury matters as determined by the group's limits of authority are required to be submitted to the board.

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.1 Foreign currency risk

The objective of the foreign exchange exposure management policy is to ensure that all foreign exchange exposures are identified as early as possible and that the identified exposures are actively managed to reduce risk. All exposures are to reflect underlying foreign currency commitments arising from trade and/or foreign currency finance. Under no circumstances are speculative positions, not supported by normal trade flows, permitted.

The group is subject to economic exposure, transaction exposure and translation exposure which are explained below:

- economic exposure consists of planned net foreign currency trade in goods and services not yet manifested in the form of actual invoices and orders. Economic exposure is initially identified at the time of budget preparation and is progressively reviewed on a quarterly basis at the time of each budget revision.
- transaction exposure consists of all transactions entered into which will result in a flow of cash in foreign currency at a future time, such as payments under foreign currency long and short-term loan liabilities, purchases and sales of goods and services (from invoice date to cash payment or receipt), capital expenditure (from approval date until cash payment) and dividends (from declaration date to payment date). Commercial transactions shall only be entered in currencies that are readily convertible by means of formal external forward contracts.
- translation exposure relates to the group's investments and earnings in non-ZAR currencies, which are translated in the ZAR reporting currency. Translation exposure is not hedged.

Transaction and translation exposures are identified as they occur and are reported by the various entities to the respective treasury divisions and the group treasury management committee.

In terms of group policy, foreign loan liabilities are not covered using forward exchange contracts as these are covered by a natural hedge against the underlying assets.

The group's policy is to cover forward all trade commitments that are not hedged by a foreign currency revenue stream and to cover the Rand funded element of capital commitments.

Monetary items are converted to Rand at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year-end to settlement date, as provided by independent financial institutions.

Foreign currency balances

The uncovered foreign currency denominated balances at 31 December were as follows:

	Group			
	2010 US$000	**2010 R000**	2009 US$000	2009 R000
Loans	**(116 081)**	**(768 458)**	(63 011)	(464 395)
Trade and other receivables	**118 642**	**785 410**	31 071	228 993
Trade and other payables	**(47 649)**	**(315 435)**	(4 780)	(35 228)
Bank balances	**24 511**	**162 266**	9 236	68 059
	(20 577)	**(136 217)**	(27 484)	(202 571)

Sensitivity analysis

At year-end, the sensitivity of the net open exposure on the operating profit is as follows:

	Group	
Net exposure	**2010 R000**	2009 R000
+5% (2009: +15%)	**(22 091)**	(68 019)
–5% (2009: –15%)	**22 091**	68 019

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.2 Commodity risk

The group uses commodity futures and options to manage exposure to commodity price risk where the positions are not naturally economically hedged through the combination of holding inventory, forward sales contracts and forward purchase contracts. In instances where the commodity prices are traded in foreign currency, the foreign exchange exposure is covered by forward exchange contracts.

Sensitivity analysis

At year-end the sensitivity of the net open exposure on the operating profit is as follows:

	Group	
	2010	2009
Net exposure	**R000**	R000
+10%	**9 251**	1 774
–10%	**(9 251)**	(1 774)

39.3 Shipping market risk

The group is exposed to the fluctuations in market conditions in the shipping industry. Management continually assesses shipping markets through the use of a detailed shipping model using their experience and detailed research. Risks are managed by fixing tonnage on longer-term charters, contracts of affreightment and entering into forward freight agreements. Refer to the risk management policies in the sustainability report for further details.

39.4 Interest rate risk

39.4.1 Interest rate risk of the group (excluding financial institution)

The group monitors its exposure to fluctuating interest rates and generally enters into contracts that are linked to market rates relative to the currency of the asset or liability. The group makes use of derivative instruments, such as interest rate swaps, to manage this exposure from time to time.

The interest rate profile of the group is summarised as follows:

	2010 **R000**	2009 R000
Loans linked to LIBOR	**1 153 476**	299 372
Loans linked to SA money market	**760 679**	801 316
Short-term borrowings linked to LIBOR	**578 492**	5 113
Short-term borrowings linked to SA money market	**915 651**	1 140 661
Loans with a fixed interest rate	**116 440**	–
	3 524 738	2 246 462

Full details of the interest rate profile of long-term borrowings is set out in the schedule of loan funds on page 208.

The range of interest rates in respect of all non-current borrowings comprising both fixed and floating rate obligations at 31 December 2010 is:

– local rates are between 0,00% and 12,00% (2009: 7,60% and 10,00%) and foreign rates are between 0,23% and 6,00% (2009: 1,23% and 4,78%).

At December 2010 and 2009, all of the group's non-current borrowings were at floating rates of interest. Floating rates of interest are based on LIBOR (London inter-bank offered rate – for USD borrowings) and on JIBAR (Johannesburg inter-bank agreed rate – for SA borrowings). Fixed rates of interest are based on contract rates. Interest rate swaps are taken in order to fix interest rates on certain loans.

Sensitivity analysis

At year-end the sensitivity of the net open exposure of floating interest rates on the operating profit is as follows:

	Group	
	2010	2009
Net exposure	**R000**	R000
+150 basis points (2009: +500 basis points)	**(36 333)**	192 060
–150 basis points (2009: –500 basis points)	**36 333**	(197 749)

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.4 Interest rate risk (continued)

39.4.2 Interest rate risk of the financial institution

There is a risk that fluctuating interest rates will unfavourably affect the Bank's earnings and the value of its assets, liabilities and capital. The risk is due to assets and liabilities maturing or repricing at different times, or against different base rates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position.

Interest rate repricing gap		< 3 months R000	> 3 months < 6 months R000	> 6 months < 1 year R000	> 1 year < 5 years R000	> 5 years R000	Non–rate sensitive R000	Total R000
2010								
Assets		2 120 432	3 560	27 551	78 794	55 589	154 413	2 440 339
Equity and liabilities		(1 975 468)	(36 163)	(6 556)	(29 346)	–	(392 806)	(2 440 339)
Interest rate hedging activities		171 754	(11 800)	(54 550)	(56 974)	(48 428)	–	2
Repricing profile		316 717	(44 404)	(33 556)	(7 526)	7 161	(238 393)	(1)
Cumulative repricing profile		316 717	272 313	238 758	231 232	238 393		
Expressed as a percentage of total assets of the financial institution	(%)	13,0	11,2	9,8	9,5	9,8		
2009								
Assets		1 839 491	–	–	49 208	92 000	126 302	2 107 001
Equity and liabilities		(1 469 248)	(104 416)	(185 261)	(29 741)	–	(318 335)	(2 107 001)
Interest rate hedging activities		139 692	–	–	(48 746)	(90 946)	–	–
Repricing profile		509 935	(104 416)	(185 261)	(29 279)	1 054	(192 033)	–
Cumulative repricing profile		509 935	405 519	220 258	190 979	192 033		
Expressed as a percentage of total assets of the financial institution	(%)	24,2	19,2	10,5	9,1	9,1		

Interest income sensitivity	< 3 months R000	> 3 months < 6 months R000	> 6 months < 1 year R000	Total R000
2010				
2% interest rate increase	2 005	2 510	5 703	10 218
2% interest rate decrease	(1 982)	(2 477)	(5 535)	(9 994)
2009				
2% interest rate increase	1 344	1 696	3 918	6 958
2% interest rate decrease	(1 513)	(1 832)	(4 137)	(7 482)

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.5 Credit risk

Credit risk refers to the risk of financial loss resulting from failure of a counterparty to an asset, for any reason, to fully honour its financial and contractual obligations. Potential areas of credit risk consist of cash and cash equivalents, bank advances, trade debtors and other receivables. The group limits its exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. Credit risk management applied by the group involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security. These procedures help to ensure the credit quality of the group's financial assets. The spread of risk in relation to trade and other debtors is summarised as follows:

	Shipping		Freight Services		Trading		Group		Total	
	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000
2010 Trade debtors	**185**	**109 302**	**3 086**	**685 641**	**663**	**1 173 359**	**2**	**2 755**	**3 936**	**1 971 057**
2009 Trade debtors	95	107 316	4 389	598 381	457	1 675 785	82	3 368	5 023	2 384 850

Credit risk management

Trade debtors

The group aims to minimise loss caused by default of our customers through specific group wide policies and procedures. Compliance with these policies and procedures are the responsibility of the divisional and other financial managers. Monitoring of compliance with these policies is done by internal audit. All known risks are required to be fully disclosed and accounted for and are provided against as doubtful debts. Certain divisions have obtained Credit Guarantee Insurance Cover to manage the risk of default by debtors.

Granting credit

The group assesses the creditworthiness of potential and existing customers by obtaining trade references, credit references and evaluating the business acumen of the client. Once this review has been performed, the applied credit limit is reviewed and approved.

Loans and advances

The credit committee is responsible for ensuring that credit approval processes are stringent and for monitoring large exposures, associated exposures, sectoral exposure and any irregular or problem loans.

Monitoring exposure

The group monitors exposures on an ongoing basis utilising the various reporting tools and flagging potential risks. The following reports are used to monitor credit risk: overdue report; age analysis and late payment history.

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.5 Credit risk (continued)

Monitoring exposure (continued)

	Group	
	2010 R000	2009 R000
Carrying amount of financial assets past due or impaired and whose terms have been renegotiated	3 003	283
Carrying amount of financial assets impaired during the year	22 456	11 423
Maximum credit risk exposure to the group is:		
Other investments	91 359	83 515
Loans and advances	1 709 796	1 483 314
Trade and other receivables before allowance for doubtful debts	3 323 036	3 029 889
Liquid assets and short-term negotiable securities	129 365	104 092
Short-term loans	519 818	–
Cash and cash equivalents	1 277 172	1 917 695
	7 050 546	6 618 505
Analysis of the ageing of financial assets which are past due but have not been impaired:		
Current	5 671	1 724
30 days	206 361	60 590
60 days	49 949	30 746
90 days	25 060	11 363
120+ days	22 631	27 080
Total	309 672	131 503

Refer to note 11 for analysis of ageing of loans and advances.

39.6 Counterparty risk

This is the risk that a counterparty to a transaction fails to perform in terms of the contract resulting in a potential cost to replace the cash flows or the risk that a counterparty fails to honour an undertaking for payment or delivery in terms of unsettled transactions.

The group is extremely cautious when selecting counterparties to transactions and formal limits are established for counterparties to asset or hedging transactions.

39.7 Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The directors may from time to time at their discretion raise or borrow monies for the purpose of the group as they deem fit. There are no borrowing limits in the articles of association of the company or its subsidiaries.

Daily cash management systems are in place with three local banks in order to optimise the group's short-term net cash position. The divisions maintain rolling liquidity forecasts including operational and divisional capital expenditure and operating expenditure budgets. These forecasts are regularly updated so as to identify future funding requirements and assess the adequacy of existing and committed funding facilities. Different scenarios are built into the rolling forecasts in order to stress test the divisional and group liquidity positions. The rolling liquidity forecasts are consolidated and reviewed at a board level on a quarterly basis. Each quarter a five-year balance sheet liquidity gap analysis is performed on the forecast balance sheet and reported to the board. This exercise highlights any potential liquidity gaps that may arise over the next five-year period.

To ensure access to additional funding and hedging facilities, Grindrod maintains relationships with a number of existing and potential funding banks and procures additional facilities where required. Negotiations of facilities are considered carefully to limit the potential restrictions imposed as a result of financial covenants and margining requirements. Contingency funding capacity in the form of committed but undrawn on-demand facilities is maintained.

In the banking environment liquidity risk may be defined as the risk of a bank not being able to repay its maturing deposits or meet its obligations under a loan agreement. Liquidity risk in a bank includes the risk of incurring excessively high interest costs or being forced to sell assets at a loss in order to meet its obligations.

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.7 Liquidity risk (continued)

The Bank has a prudent liquidity management policy and the asset and liability committee is responsible for monitoring the stability of funding, surplus cash or near cash assets, anticipated cash outflows, exposure to large depositors and exposure to connected parties. The Bank is exposed to a maturity mismatch due to the duration of the lending book when compared against the duration of the funding book. To date the Bank has been well served by its prudent liquidity management policy, the stability of its deposit base and the high quality of the advances book. The Bank intends to continue to adopt a conservative liquidity policy in the future.

Group liquidity analysis

The contractual maturities of the group's (including the Bank's) financial liabilities are as follows:

2010	<3 months R000	>3 months < 6 months R000	>6 months <1 year R000	>1 year <5 years R000	>5 years R000	Non–contractual R000	Total R000
Liabilities							
Provisions	–	–	–	21 377	–	–	21 377
Trade and other payables	2 048 754	63 509	181 722	12 538	23 091	40 977	2 370 591
Post-retirement medical aid	11	33	20 226	6 065	38 964	–	65 299
Financial liabilities	116 711	1 687	24 346	9 427	6 554	–	158 725
Deposits	1 803 750	72 353	110 688	29 346	–	–	2 016 137
	3 969 226	137 582	336 982	78 753	68 609	40 977	4 632 129

2009	<3 months R000	>3 months < 6 months R000	>6 months <1 year R000	>1 year <5 years R000	>5 years R000	Non–contractual R000	Total R000
Liabilities							
Provisions	13 732	15 826	54 111	31 089	–	–	114 758
Income received in advance	–	–	–	–	–	117 921	117 921
Trade and other payables	2 200 704	34 300	46 108	446	–	–	2 281 558
Post-retirement medical aid	31 708	–	33 238	3 096	9 826	–	77 868
Financial liabilities	59 170	2 810	61 781	17 328	9 437	–	150 526
Deposits	1 436 709	93 420	196 256	29 741	–	–	1 756 126
	3 742 023	146 356	391 494	81 700	19 263	117 921	4 498 757

Bank liquidity analysis

2010	<3 months R000	>3 months < 6 months R000	>6 months <1 year R000	>1 year <5 years R000	>5 years R000	Non–contractual R000	Total R000
Liabilities							
Financial liabilities	–	87	1 464	9 427	6 554	–	17 532
Deposits	1 803 750	72 353	110 688	29 346	–	–	2 016 137
	1 803 750	72 440	112 152	38 773	6 554	–	2 033 669

2009	<3 months R000	>3 months < 6 months R000	>6 months <1 year R000	>1 year <5 years R000	>5 years R000	Non–contractual R000	Total R000
Liabilities							
Financial liabilities	–	–	55 196	–	–	–	55 196
Deposits	1 436 708	104 416	185 261	29 741	–	–	1 756 126
	1 436 708	104 416	240 457	29 741	–	–	1 811 322

The holding company has guaranteed a facility of R235 million (2009: R240 million) to the Bank as additional liquidity.

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.8 Solvency risk

Capital adequacy refers to the risk that a bank will not have adequate capital and reserve funds to absorb losses, resulting in depositors having to absorb these losses and losing confidence in the bank and/or the banking sector.

The capital adequacy risk asset ratio of the Bank at 31 December 2010 was 13,25% (2009: 14,20%). The Bank will raise additional capital as and when capital is required to support asset growth and to ensure that a prudent risk asset ratio is maintained.

39.9 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt to equity balance. The group's overall strategy remains unchanged from 2009.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of Grindrod, comprising ordinary and preference share capital, reserves and accumulated profit as disclosed in the statement of changes in equity.

Gearing ratio

The group reviews the capital structure on a quarterly basis. As part of the review, the group considers the cost of capital and the risks associated with each class of capital. The group has a target gearing ratio of 75% determined as the proportion of net debt to equity.

The group defines net debt as being comprised of borrowings and bank deposits, less cash and cash equivalents, recoverables in cancelled ships, loans and advances, liquid assets and short-term negotiable securities and short-term loans. The gearing ratio at year-end was:

		Group	
		2010 R000	2009 R000
Debt		**3 524 735**	2 246 462
Deposits from bank customers		**2 016 137**	1 756 126
Cash and cash equivalents		**(1 277 172)**	(1 917 695)
Recoverables on cancelled ships		**–**	(238 589)
Loans and advances to bank customers		**(1 709 796)**	(1 483 314)
Liquid assets and short-term negotiable securities		**(129 365)**	(104 092)
Short-term loans		**(519 818)**	–
Net debt		**1 904 721**	258 898
Equity (including non-controlling interest)		**5 970 715**	5 836 126
Net debt to equity ratio	(%)	**32**	4

Loan funds

for the year ended 31 December 2010

	Date of redemption	Current rate of interest per annum (%)	2010 Carrying value R000	2010 Carrying value US$000	2009 Carrying value R000	2009 Carrying value US$000
SECURED						
Foreign currency financing						
Financial liabilities measured at amortised cost						
Loans secured by mortgage bonds over ships						
Repayable in quarterly instalments	06/2014	1,30	**79 627**	**12 028**	23 370	3 171
Repayable in quarterly instalments	12/2014	1,30	**83 611**	**12 630**	27 601	3 745
Repayable in quarterly instalments	08/2016	0,95	**73 297**	**11 072**	76 482	10 377
Repayable in quarterly instalments	12/2018	1,95	**39 085**	**5 904**	47 103	6 391
Repayable in quarterly instalments	12/2018	1,95	**39 085**	**5 904**	47 103	6 391
Repayable in quarterly instalments	12/2018	1,95	**52 132**	**7 875**	–	–
Repayable in quarterly instalments	06/2020	3,46	**142 012**	**21 452**	–	–
Repayable in quarterly instalments	06/2018	1,81	**334 918**	**50 592**	–	–
Repayable in quarterly instalments	04/2023	5,40	**41 821**	**6 317**	–	–
Repayable in quarterly instalments	09/2025	5,95	**27 878**	**4 211**	–	–
Repayable in quarterly instalments	04/2016	4,40	**6 183**	**934**	–	–
Loans secured by guarantee						
Repayable in quarterly instalments	06/2013	2,53	**12 465**	**1 883**	19 133	2 596
Repayable monthly	06/2013	2,30	**11 360**	**1 716**	14 763	2 003
Repayable monthly	08/2015	3,30	**33 901**	**5 121**	42 433	5 758
Repayable monthly	02/2018	4,80	**112 540**	**17 000**	35 118	4 765
Repayable monthly	04/2015	2,53	**3 634**	**549**	4 982	676
Repayable monthly	02/2013	2,53	**5 157**	**779**	8 387	1 138
Local financing						
Financial liabilities measured at amortised cost						
Loans secured by mortgage bond over property and terminals						
Repayable in quarterly instalments	11/2014	8,30	**56 995**		71 396	
Repayable in quarterly instalments	12/2017	7,78	**195 705**		215 530	
Repayable monthly	11/2013	9,00	**2 859**		–	
Repayable monthly	11/2015	9,00	**10 009**		–	
Capitalised finance leases secured by vehicles and equipment						
Repayable monthly			***458 903**		274 973	
Loans secured by plant and equipment			**37 129**		36 199	
Loans secured by guarantee			**54 771**		38 196	
AGGREGATE SECURED LOANS			**1 915 077**		982 769	
Other loans	01/2019	–	**95 328**	**14 400**	117 920	16 000
Redeemable preference shares	12/2011	–	**18 930**		–	
Amount repayable within one year			**(621 043)**		(179 902)	
NET LONG-TERM BORROWINGS			**1 408 292**		920 787	
SECURITY						
Net book values of assets encumbered to secure long-term loans are as follows:			**2 339 305**		1 011 827	
Ships			**1 344 885**		585 877	
Land and buildings			**442 116**		110 271	
Equipment, plant and vehicles			**552 304**		315 679	

* *The capitalised finance leases have various interest rates ranging from 6% to 12% (2009: 8% to 15%) and dates of redemption from 03/2011 to 12/2015 (2009: 03/2010 to 09/2014).*

Interests in subsidiaries

for the year ended 31 December 2010

At 31 December 2010, the company had the following subsidiaries carrying on business which principally affected the profits and assets of the group.

They have the same year-end date as the company and have been included in the consolidated financial statements.

		Share capital		Effective holding		Investments Shares at original cost		Share-based payments to employees		Loans to subsidiary	
	*Nature of business	2010 R000	2009 R000	2010 %	2009 %	2010 R000	2009 R000	2010 R000	2009 R000	2010 R000	2009 R000
INCORPORATED IN SOUTH AFRICA											
Grindrod Freight Investments (Pty) Limited	F	1 495	1 158	100	100	203 500	175 900	495	345		
Grindrod Management Services (Pty) Limited	G			100	100			3 118	2 495		
Grincor Shipping Holdings Limited	G	53	23	100	100	144 451	144 451				
Grindrod Shipping South Africa (Pty) Limited	S	5	5	100	100	5 000	5 000	860	551	358 702	–
Voigt Shipping (Pty) Limited	F	10 000	10 000	100	100						
Seasure Insurance Brokers (Pty) Limited	D	1	1	100	100						
Unilog (Pty) Limited	F	–	10	100	100	–	7 521				
Unicorn Shipping Holdings Limited	S	1 500	1 500	100	100					72	72
Unicorn Shipping Operations (Pty) Limited	S			100	100						
Southern Tankers (Pty) Limited	S	1	1	100	100						
Grindrod Financial Holdings Limited	B			81	81	221 097	221 097				
Grey Haven Riches 27 Limited	B			100	100						
Grindrod Trading Holdings (Pty) Limited	T			100	100	601 584	551 547			309	–
Grindrod Freight Services (Pty) Limited	F	1	1	100	100	1 893 244	1 893 244	10 637	10 487	754 892	813 619
INCORPORATED IN BRITISH VIRGIN ISLANDS											
Swallow Enterprises Incorporated	G	415	415	100	100	415	415			4 803	4 844
INCORPORATED IN ISLE OF MAN											
Grindrod Shipping Limited	S			100	100	1 025 331	1 025 331	911	910		
INTEREST IN SUBSIDIARIES (note 4)						4 094 622	4 024 506	16 021	14 788	1 118 778	818 535

* Nature of Business
B – Bank
D – Dormant
F – Freight and Property Services
G – Group Services
S – Shipping
T – Trading

Share analysis of ordinary shareholders

at 31 December 2010

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
SHAREHOLDER SPREAD				
1 – 5 000 shares	10 761	74,2	18 915 263	4,1
5 001 – 10 000 shares	1 670	11,5	12 993 393	2,8
10 001 – 50 000 shares	1 532	10,5	34 247 874	7,3
50 001 – 100 000 shares	202	1,4	14 870 671	3,2
Over 100 001 shares	346	2,4	383 954 779	82,6
	14 511	**100,0**	**464 981 980**	**100,0**
Non-public shareholders				
Directors	7	0,1	9 733 647	2,1
Treasury stock	1	–	9 179 348	2,0
Public shareholders	14 503	99,9	446 068 985	95,9
	14 511	**100,0**	**464 981 980**	**100,0**
INVESTOR PROFILE				
Banks	77	0,5	58 899 338	12,7
Close corporations	224	1,6	5 017 102	1,1
Endowment funds	98	0,7	1 963 197	0,4
Individuals	11 034	76,0	83 833 506	18,0
Insurance companies	55	0,4	20 480 164	4,4
Investment companies	32	0,2	7 797 219	1,7
Medical schemes	5	–	106 421	–
Mutual funds	175	1,2	64 855 480	13,9
Nominees and trusts	2 175	15,0	36 462 305	7,8
Other corporations	97	0,7	396 188	0,1
Own holdings	1	–	9 179 348	2,0
Private companies	357	2,5	98 008 947	21,1
Public companies	18	0,1	791 838	0,2
Retirement funds	163	1,1	77 190 927	16,6
	14 511	**100,0**	**464 981 980**	**100,0**
GEOGRAPHICAL COMPOSITION				
South Africa	14 232	98,1	377 202 406	81,1
Rest of the World	102	0,7	3 424 170	0,7
United States of America and Canada	79	0,5	57 703 584	12,4
United Kingdom	57	0,4	17 064 099	3,7
Rest of Europe	41	0,3	9 587 721	2,1
	14 511	**100,0**	**464 981 980**	**100,0**
MAJOR SHAREHOLDERS				
Grindrod Investments (Pty) Limited (Grindrod Family)			84 152 405	18,1
Government Employees Pension Fund			53 122 666	11,4
			137 275 071	**29,5**
TOP 10 FUND MANAGERS				
Public Investment Corporation			41 005 241	8,8
Alliance Bernstein			20 388 163	4,4
Foord Asset Management			18 701 654	4,0
Coronation Fund Managers			13 783 306	3,0
Metropolitan Asset Management			12 878 472	2,8
Dimensional Fund Advisors			10 283 081	2,2
Kagiso Asset Management			7 408 222	1,6
Cannon Asset Management			6 694 348	1,4
Investec Asset Management			5 514 903	1,2
Metal and Engineering Industries			4 695 225	1,0
			141 352 615	**30,4**

Share analysis of cumulative, non-redeemable, non-participating, non-convertible preference shares

at 31 December 2010

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shareholders
SHAREHOLDER SPREAD				
1 – 5 000 shares	2 137	89,1	3 181 247	43,0
5 001 – 10 000 shares	159	6,7	1 220 197	16,5
10 001 – 50 000 shares	89	3,7	1 725 184	23,3
50 001 – 100 000 shares	10	0,4	708 109	9,6
Over 100 001 shares	3	0,1	565 263	7,6
	2 398	**100,0**	**7 400 000**	**100,0**
Non-public shareholders				
Directors	4	0,2	254 731	3,4
Directors' associates	2	0,1	14 000	0,2
Public shareholders	2 392	99,7	7 131 269	96,4
	2 398	**100,0**	**7 400 000**	**100,0**
INVESTOR PROFILE				
Banks	4	0,2	104 114	1,4
Close corporations	30	1,3	264 141	3,6
Endowment funds	10	0,4	80 065	1,1
Individuals	1 650	68,8	3 526 716	47,7
Insurance companies	2	0,1	76 934	1,0
Investment funds	2	0,1	1 352	–
Medical aid schemes	1	–	9 046	0,1
Mutual funds	13	0,5	458 303	6,2
Nominees and trusts	578	24,1	1 995 805	27,0
Other corporations	10	0,4	74 492	1,0
Private companies	96	4,0	628 642	8,5
Public companies	2	0,1	180 390	2,4
	2 398	**100,0**	**7 400 000**	**100,0**
GEOGRAPHICAL COMPOSITION				
South Africa	2 381	99,3	7 356 575	99,4
United Kingdom	7	0,3	37 294	0,5
Rest of Europe	5	0,2	4 191	0,1
Rest of the World	4	0,2	940	–
United States of America and Canada	1	–	1 000	–
	2 398	**100,0**	**7 400 000**	**100,0**

Shareholders' diary

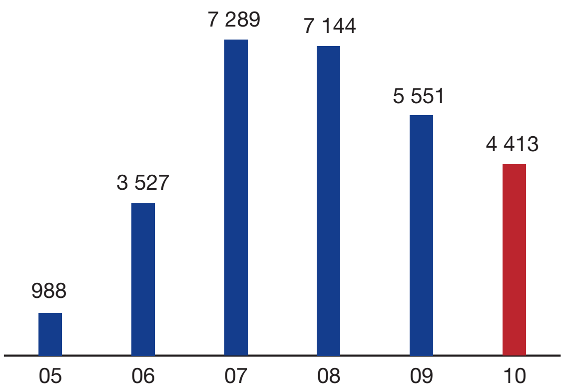
Financial year-end	31 December
Annual general meeting	25 May
Notice of annual general meeting and form of proxy are included in the annual report	
Reports and profit statements	
Results and dividend announcement for the year	February
Annual report and financial statements	April
Interim report	August
Dividends	
Final	March
Interim	September

Share performance

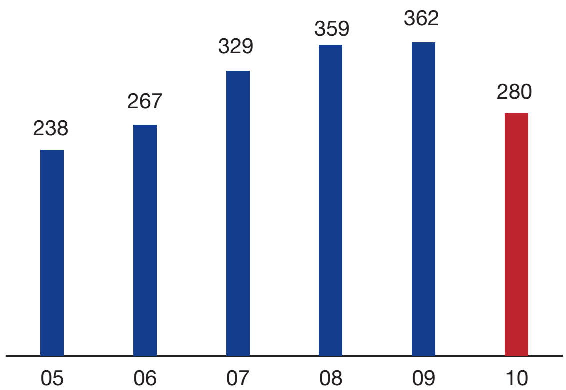
for the year ended 31 December 2010

	2010		2009		2008		2007		2006		2005	
	Ordinary	**Preference**	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference
Market price per share (cents)												
– opening	**1 778**	**9 700**	1 530	8 600	2 300	10 900	1 560	10 959	1 300	11 650	790	10 000
– year-end	**1 895**	**10 375**	1 778	9 700	1 530	8 600	2 342	10 300	2 578	10 300	1 300	11 650
– highest	**1 910**	**10 700**	1 870	9 900	2 886	10 900	2 740	11 000	1 570	11 599	1 315	11 650
– lowest	**1 350**	**9 400**	1 115	8 600	943	8 600	2 143	9 502	1 000	10 500	770	10 000
Number of shares (000)	**455 802**	**7 400**	454 203	7 400	450 252	7 400	455 509	7 500	453 939	7 500	461 626	5 000
– in issue	**464 981**	**7 400**	463 382	7 400	478 476	7 500	474 956	7 500	473 386	7 500	461 626	5 000
– treasury	**(9 179)**	**–**	(9 179)	–	(28 224)	(100)	(19 447)	–	(19 447)	–	–	–
Number of transactions recorded	**82 968**	**2 942**	95 473	1 505	98 692	1 381	55 642	1 599	40 099	2 165	28 654	788
Number of shares traded (000)	**279 898**	**901**	361 749	1 132	358 554	1 616	329 078	1 898	267 150	2 818	238 429	2 185
Volume of shares traded as % of total issued shares	**60,2**	**12,2**	78,1	15,3	74,9	21,5	69,3	25,3	56,4	37,6	51,6	43,7
Value of shares traded (R000)	**4 413 777**	**90 580**	5 551 232	104 702	7 144 093	156 833	7 289 001	193 031	3 527 355	314 132	988 417	230 706
Market capitalisation (R000)	**8 811 408**	**751 100**	8 238 932	717 800	7 320 700	645 000	11 123 500	772 500	7 310 500	873 700	6 001 100	582 500
PE Ratio (times)	**11,0**		9,2		3,2		8,9		11,7		7,0	
Dividend yield %	**2,8**		3,4		8,9		3,3		2,6		4,0	
Earnings yield %	**9,1**		10,9		31,1		11,3		8,6		14,3	

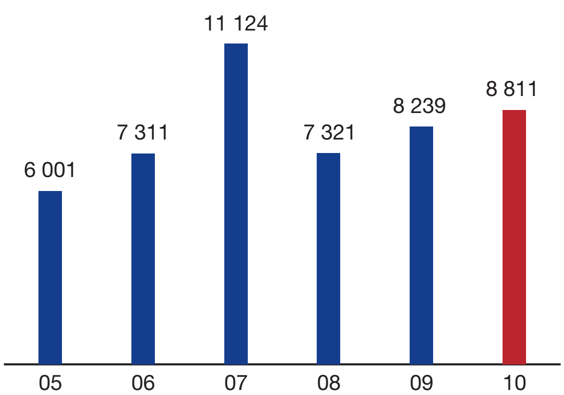
Value of ordinary shares traded (Rm)



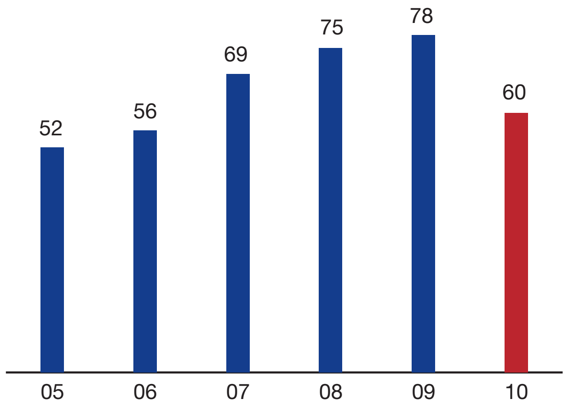
Value of ordinary shares traded (million)



Market capitalisation of ordinary shares (Rm)



Volumes traded/total issued ordinary shares (%)



Notice of annual general meeting

Notice is hereby given that the forty-fourth annual general meeting of shareholders of Grindrod Limited ("the company") will be held in the boardroom, 1st Floor, Quadrant House, 115 Margaret Mncadi Avenue, Durban on Wednesday, 25 May 2011 at 14h00 for the following purposes:

1. **Ordinary resolutions:**

   1.1 To receive and adopt the audited financial statements for the year ended 31 December 2010, including the reports of the audit committee, the directors and the auditors.

   1.2 To re-elect retiring directors in accordance with the articles of association. Motions for re-election will be moved individually.

   In accordance with article 59 of the articles of association, Messrs H Adams, WD Geach, AK Olivier and DA Rennie retire by rotation and being eligible, offer themselves for re-election. The credentials of these directors are provided on pages 14 to 16 of the annual report.

   The remuneration/nomination committee of the company has conducted an assessment of the performance of each of the retiring candidates and the board accepted the results of that assessment. Accordingly, the board recommends their re-election to shareholders.

   1.3 To note the retirement of Mr TJT McClure as director effective 31 July 2010.

   1.4 To confirm the appointment of Mr AG Waller as financial director effective 1 March 2011.

   1.5 To elect Messrs IM Groves, WD Geach and MJ Hankinson as independent non-executive members of the audit committee.

   1.6 To appoint Deloitte & Touche as the external auditor and Ms R Ebrahim as designated audit partner, until the next annual general meeting.

   1.7 To authorise the audit committee to determine the remuneration of the auditors for the past year's audit.

   1.8 To continue to place the unissued ordinary shares in the capital of the company reserved for the purpose of the company's share option scheme, comprising 3 750 000 ordinary shares in total, under the control of the directors, who shall be authorised to issue these shares at such times and on such terms as they may determine.

   1.9 To ratify and confirm the remuneration of the executive directors' for the year ended 31 December 2010 as set out on page 81 of the annual report.

   1.10 To transact such other business as may be transacted at an annual general meeting.

2. **Special Resolutions:**

   2.1 Special Resolution 1

   That with effect from 1 January 2011, the executive directors be paid remuneration as determined by their respective contracts of employment, or otherwise as determined by the remuneration/nomination committee from time to time in accordance with the company's remuneration policy.

2. Special resolutions (continued):

2.2 Special resolution 2

That the fees payable to the non-executive directors for the year 1 July 2011 to 30 June 2012, as set out below be approved:

	Present R	Proposed R
Board		
Chairman	400 000	450 000
Director	170 000	190 000
Audit committee		
Chairman	70 000	90 000
Member	50 000	55 000
Remuneration/nomination committee		
Chairman	50 000	65 000
Member	40 000	45 000

2.3 Special resolution 3

"Resolved that the directors of the company be and are hereby authorised, by way of a general approval, to repurchase on behalf of the company, ordinary shares of 0,002 cent each ("ordinary shares") issued by the company, in terms of sections 85 to 90 of the Companies Act 61 of 1973 ("the 1973 Act") if that Act is still in effect on the date of this meeting or section 48 read with section 46 of the Companies Act 71 of 2008 ("the Act"), as the case may be and in terms of the Listings Requirements of JSE Limited ("JSE") being that:

- any such repurchase of ordinary shares shall be implemented on the open market of the JSE;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
- an announcement will be published for every 3% of the ordinary shares in issue, in aggregate, repurchased by the company, containing full details of such acquisitions in accordance with section 5.79 of the Listings Requirements;
- in terms of this general approval, the acquisition of ordinary shares in any one financial year may not exceed, in aggregate, 20% of the company's issued share capital of that class, at the time that approval is granted and the acquisition of shares by a subsidiary of the company may not exceed 10% in the aggregate, in any one financial year, of the number of issued shares of the company of that class;
- in determining the price at which ordinary shares issued by the company are repurchased by it in terms of this general approval, the maximum premium at which such ordinary shares may be repurchased is 10% of the weighted average of the market value at which such ordinary shares are traded, respectively, on the JSE as determined over the five trading days immediately preceding the day on which the transaction was agreed; and
- unless prior notice is given in terms of the JSE Listings Requirements the company or its subsidiary may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the Listings Requirements."

INFORMATION AND EXPLANATION OF RESOLUTIONS

1. **Voting**

   1.1 **Percentage of voting rights required for special resolutions**

   The percentage of voting rights that will be required for the adoption of each special resolution to be adopted is the support of at least 75% of the voting rights exercised on the resolution.

   1.2 **Percentage of voting rights required for ordinary resolutions**

   The percentage of voting rights that will be required for the adoption of each ordinary resolution is the support of more than 50% of the voting rights exercised on the resolution.

2. **Explanation of resolutions**

   Explanatory material (as contemplated in 65(4)(b) of the 2008 Act) in respect of the proposed resolutions is set out in the Explanation Schedule annexed to this notice.

3. **Information related to JSE Listings Requirement 11.26 can be found in the annual report on the page references below:**

4. **Record date**

   The record date that has been set by the board for the purpose of determining which shareholders are entitled to receive notice of, participate in and vote at the meeting is 16 May 2011.

5. **Preference shareholders**

   Preference shareholders are entitled to receive copies of correspondence related to all shareholder meetings. It is to be noted that in respect of the annual general meeting to be held on Wednesday, 25 May 2011, preference shareholders are entitled to attend the meeting and to vote together with ordinary shareholders in respect of the special resolution relating to a general authority to repurchase shares.

6. **Proxies**

A member registered as such (either as the holder of shares in certificated form and whose name is reflected in the register of company members, or as the holder of shares in dematerialised form and whose name is reflected in a sub-register maintained by a CSDP) is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead should he/she be unable to attend the annual general meeting, but wishes to be represented thereat. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the office of the Transfer Secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) at least 48 hours before the commencement of the meeting. Shareholders who have dematerialised their shares in Grindrod such that their holdings are no longer recorded in their own names should arrange with their CSDP or broker for the necessary authority to attend the annual general meeting. Should they be unable, or do not wish to attend but wish to be represented at the meeting, they should provide their CSDP or broker with their voting instructions in terms of the agreements entered into between the shareholder and CSDP or broker concerned.

7. **Identification**

Section 63(1) of the 2008 Act, requires meeting participants to provide the person presiding the meeting with satisfactory identification.

By order of the board

C A S Robertson
Company Secretary

Durban
1 April 2011

EXPLANATION SCHEDULE

1. Special resolutions:

1.1 Reason and effect of special resolutions 1 and 2

The 1973 Act and the 2008 Act both require that the shareholders approve the fees paid to directors for their services as directors.

Section 66(9) of the 2008 Act requires that the remuneration of directors may be paid only in accordance with a special resolution approved by the shareholders within the previous two years.

In order to comply with section 66(9) of the Act, Special Resolution 1 approves the remuneration payable to the executive directors with effect from 1 January 2011 and Special Resolution 2 approves the fees payable to the non-executive directors for the year 1 July 2011 to 30 June 2012.

1.2 Reason and effect of special resolution 3

The reason for and the effect of special resolution 3 is that the general approval for the company to acquire its own ordinary shares which was renewed by special resolution at the annual general meeting of 19 May 2010 will lapse at this annual general meeting and special resolution 3 will renew that authority. The authority contemplated in special resolution 3 will remain in effect until the next succeeding annual general meeting, but in any event will not extend beyond 15 months from the date of the special resolution.

The directors, after considering the maximum number of shares which may be repurchased and the price at which such repurchases may take place pursuant to the general repurchase approval, are of the opinion that:

- the company and the group will be able to pay its debts in the ordinary course of business for a period of 12 months after the date of the notice of the annual general meeting;
- the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards ("IFRS"), will be in excess of the consolidated liabilities of the company and the group after the repurchase for a period of 12 months after the date of the notice of the annual general meeting;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of notice of the annual general meeting; and
- the working capital available to the company and the group will be adequate for the purposes of the business of the company and the group for the period of 12 months after the date of notice of the annual general meeting.

2. Ordinary resolutions

2.1 Resolution 1 – adoption of financial statements:

The directors are required by law to present the audited financial statements for the year ended 31 December 2010 to the meeting for approval, a copy of which is to be found on pages 132 to 207 of the annual report of which this notice of meeting forms a part. The directors are also required by law to present the audit committee report and the reports of the directors' and the auditors of the company to the meeting.

2.2 Resolution 2 – Re-election of directors:

Resolution 2 provides for the re-election of retiring directors in accordance with the articles of association.

2. **Ordinary resolutions (continued)**

 2.3 **Resolution 3 – Retirement of directors:**

 The purpose of this resolution is to note the retirement of Mr TJT McClure as director effective 31 July 2010.

 2.4 **Resolution 4 – Confirmation of appointment of director:**

 The purpose of this resolution is to confirm the appointment of Mr AG Waller as Financial Director effective 1 March 2011.

 2.5 **Resolution 5 – Election of members of the audit committee:**

 Resolution 4 provides for the election of Messrs IM Groves, WD Geach and MJ Hankinson as non-executive members of the audit committee.

 The 2008 Act requires that, at each annual general meeting, the shareholders elect the members of an audit committee. The remuneration/nomination committee reviewed the suitability and qualifications of each director as members of the audit committee and considers that each of them has adequate relevant financial knowledge and experience to fulfil their duties as members of the audit committee and that they meet the requirements of section 94(4) of the 2008 Act.

 2.6 **Resolutions 6 and 7 – Confirmation of appointment of auditors and responsible auditor and remuneration of auditors:**

 The 1973 Act and the 2008 Act require that, at each annual general meeting, the shareholders appoint auditors who will remain in office until the next annual general meeting. The directors, having accepted the recommendation of the audit committee, propose that Deloitte & Touche and R Ebrahim as designated audit partner, be appointed as the external auditors. Resolution 6 relates to such appointment and resolution 7 will authorise the audit committee to agree the auditor's remuneration.

 2.7 **Resolution 8 – Directors' authority to issue shares reserved for the share option scheme:**

 The effect of this resolution is to place the unissued ordinary shares in the capital of the company reserved for the purposes of the company's share option scheme under the control of the directors.

Form of proxy

GRINDROD LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1966/009846/06)
(Share code: GND and GNDP ISIN: ZAE000072328 and ZAE 000071106)
("the company")

(To be used by certificated shareholders and dematerialised shareholders with own name registration)

For use at the annual general meeting of shareholders of the company to be held in the Boardroom, 1st Floor, Quadrant House, 115 Margaret Mncadi Avenue, Durban at 14h00 on Wednesday, 25 May 2011.

I/We (FULL NAMES IN BLOCK LETTERS)

of (ADDRESS)

being the registered holder/s of ordinary shares preference shares in the capital of the company hereby appoint:

1. of or failing him/her,
2. of or failing him/her,
3. the chairman of the annual general meeting,
4. as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held in the Boardroom, 1st Floor, Quadrant House, 115 Margaret Mncadi Avenue, Durban at 14h00 on Wednesday, 25 May 2011 and at any adjournment thereof as follows:

	RESOLUTION	IN FAVOUR OF	AGAINST	ABSTAIN
1.1	Approval of annual financial statements			
1.2	Re-election of directors retiring by rotation			
1.2.1	H Adams			
1.2.2	WD Geach			
1.2.3	AK Olivier			
1.2.4	DA Rennie			
1.3	Note the retirement of TJT McClure			
1.4	Confirm appointment of AG Waller as financial director			
1.5	Election of the following independent non-executive members to the audit committee			
1.5.1	IM Groves (Chairman)			
1.5.2	WD Geach			
1.5.3	MJ Hankinson			
1.6	Confirmation of appointment of the external auditors and designated audit partner			
1.7	Remuneration of the auditors			
1.8	Director's authority to issue shares reserved for the share option scheme			
1.9	Confirmation and ratification of directors' remuneration for the year ended 31 December 2010			
2.1	Approve the executive directors' remuneration for the year commencing 1 January 2011			
2.2	Approve in advance the fees payable to non-executive directors			
2.3	Renewal of authority to repurchase ordinary shares			

(Indicate instruction by making an "X" in the space provided.)

Unless otherwise instructed, my proxy may vote as he/she thinks fit.

A member entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The proxy need not be a member of the company.

Signed this day of 2011

Signature/s

REGISTERED OFFICE
Quadrant House
115 Margaret Mncadi Avenue
Durban, 4001
(PO Box 1, Durban, 4000)

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

GRINDROD LIMITED

Notes

1. Only shareholders who are recorded in the register of members of the company who have not dematerialised their shares or who hold dematerialised shares in their own name must complete the form of proxy or alternatively attend the meeting.

   Beneficial shareholders whose shares are not registered in their own name but in the name of another, e.g. a nominee, must not complete the form of proxy or attend the meeting unless a proxy is issued to them by the registered shareholder. Beneficial shareholders who are not also registered shareholders should contact the registered shareholder to issue instructions on voting or to obtain a proxy to attend the meeting.

2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting". The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. Any deletion, alteration or correction to this form of proxy must be initialled by the signatory/ies.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company.

5. Forms of proxy must be lodged at, or posted to, the registered office of the Transfer Secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by not later than 14h00 on Monday, 23 May 2011.

6. The completion and lodging of this form of proxy will not preclude the shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.

7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these notes.

8. A form of proxy shall be deemed to include the rights to demand or join in demanding a poll.

9. Shareholders, who have either dematerialised their company shareholdings (such that these holdings are no longer recorded in their own names in the sub-registers maintained by Central Securities Depository Participants (CSDPs), are not company members as defined. Such shareholders who wish to attend the company's annual general meeting should arrange with their CSDPs or brokers for the necessary authority to attend the annual general meeting. Such shareholders who are unable, or do not wish, to attend the annual general meeting, but wish to be represented thereat, should provide their CSDPs or brokers with their voting instructions in sufficient time to enable the CSDPs or brokers to lodge forms of proxy or appoint a representative for the meeting.

Corporate information

GRINDROD LIMITED
Registration number 1966/009846/06

Company secretary
CAS Robertson FCIS

Registered office and business address
Quadrant House
115 Margaret Mncadi Avenue
Durban
4001

Postal address
PO Box 1
Durban
4000

Telephone +27 31 304 1451
Facsimile +27 31 305 2848
E-mail grindrod@grindrod.co.za
Website www.grindrod.co.za

Investor relations
E-mail investorrelations@grindrod.co.za

GROUP AUDITORS
Deloitte & Touche

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
2001

Postal address
PO Box 61051
Marshalltown
2107

Telephone +27 11 370 5000
Facsimile +27 11 370 5271/2

MAIN BANKERS TO THE GROUP
Local
ABSA Bank Limited
FirstRand Bank Limited
Investec Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Foreign
Barclays
Credit Agricole Corporate and Investment Bank
China Construction Bank
Rand Asia
ABN AMRO
Hong Kong & Shanghai Banking Corporation (HSBC)
Nordea Bank
Royal Bank of Scotland
Societe Generale
Standard Chartered Bank
Standard Finance (IOM) Limited
Standard Bank Mauritius
Standard Bank Mozambique
The Bank of Tokyo-Mitsubishi UFJ, Ltd
Millennium BIM Mozambique

SPONSORS
Grindrod Bank Limited
First Floor, Building 3, North Wing, Commerce Square
39 Rivonia Road
Sandhurst
Sandton
2196

Postal address
PO Box 78011
Sandton
2146

Telephone +27 11 459 1860
Facsimile +27 11 459 1872

Terms and expressions

BACKHAUL
Routes which are against the standard flow of traffic, i.e. loading in a port situated in what is usually a discharge area and discharging in a port situated in what is usually a loading area.

BALLAST
The period of time during which a ship performs a voyage without cargo on board.

BALTIC DRY INDEX (BDI)
The BDI is published every London working day by the Baltic Exchange, who collate information for supramax, panamax and capesize vessels to create this lead freight market indicator.

BALTIC HANDYSIZE SPOT INDEX (BHSI)
The BHSI is published every London working day by the Baltic Exchange, who have collated information on fixtures for a number of routes in relation to a standard 28 000 dwt vessel with 30 mt cranes and maximum 15 years of age. The index is also published on the basis of a time charter return and is used to determine the value of the trading routes and settlement prices for FFAs.

BALTIC SUPRAMAX INDEX (BSI)
The BSI is published every London working day by the Baltic Exchange, who have collated information on fixtures for a number of routes in relation to a standard Tess 52 type vessel. This vessel is 52 454 dwt, with 4 x 30 mt cranes and grabs and maximum 10 years of age. This index is also published on the basis of a time charter return and is used to determine the value of trading routes and settlement prices for FFAs.

BAREBOAT CHARTER
Charter for an agreed period of time during which the shipowner provides only the ship while the charterer provides the crew together with all stores and bunkers and pays all vessel operating costs.

BEAM
The greatest width of a vessel.

BREAKBULK
Dry, loose cargo.

BULK CARRIER
Ship designed to carry dry, loose cargoes in bulk.

BARGING
Transfer of cargo between a ship and the shore using a barge.

BUNKER(S)
Fuel, consisting of fuel oil and diesel, burned in the vessel's engines.

BUNKER TANKER
A small tanker used to refuel ships with bunkers.

CAPESIZE BULK CARRIER
Drybulk carrier with a capacity of about 130 000 to 200 000 dwt which, due to its size, must transit when loaded, the Atlantic to the Pacific via Cape Horn or the Cape of Good Hope and is typically used for long voyages in the coal and iron ore trades.

CHARTER-HIRE
The revenue earned by a vessel pursuant to a bareboat charter or a time charter (See Freight for voyage charter revenue).

CHARTERER
A person, firm or company hiring a vessel for the carriage of goods or other purposes

CHARTERPARTY
Document containing all the terms and conditions of the contract between the owner of a vessel and a charterer for the use of a vessel, signed by both parties or their agents, for the hire of a ship or the space in a ship.

COMMERCIAL MANAGEMENT
Management of those aspects of ship owning and operation that relate to obtaining economic value from the vessel, which includes ship financing, sale and purchase, chartering or vessel, employment, voyage execution, insurance and claims handling, accounting and corporate administration.

CHEMICAL TANKER
A tanker, usually not larger than 40 000 dwt, designed to carry numerous bulk liquid chemical products, often in stainless steel tanks, in isolated compartments (also termed “parcels”).

CONTAINERSHIP
Ship designed to carry containerised cargo.

CONTRACT OF AFFREIGHTMENT (COA)
Similar to a Voyage Charter, but covers two or more shipments over an agreed period of time (this could be over a number of months or years) and no particular vessel is specified.

DEADWEIGHT TONNE (DWT)
Deadweight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tonnes) the ship can carry, including cargo, Bunkers, water, stores, spares, crew, etc, at a specified Draft.

DEMURRAGE
An agreed amount payable to the shipowner by the charterer when the agreed time allowed for loading or unloading cargo has been exceeded through no fault of the owner.

DRAFT
Vertical distance between the waterline and the bottom of the vessel's keel (i.e. the depth of the ship in the water).

DRYDOCKING
The removal of a vessel from the water for inspection, maintenance and/or repair of parts that are normally submerged.

DOUBLE HULL
A ship which has an inner and an outer hull. The distance between these two can be up to 2 metres. Such construction increases the safety during a possible grounding or collision and in this way leakage may be avoided. The double hull is also used for ballast.

FLAG STATE
The country where the vessel is registered.

FORWARD FREIGHT AGREEMENT (FFA)
A derivative instrument that is a means of hedging exposure to freight market risk through the purchase or sale of specified time charter rates for forward positions. Settlement is in cash, against a daily market index published by the Baltic Exchange.

FREIGHT
The revenue earned by a vessel pursuant to a voyage charter or a contract of affreightment.

FRONT HAUL
Routes which follow the typical flow of the transportation of cargoes from the main loading areas to the main discharging areas.

HANDYSIZE BULK CARRIER
Drybulk carrier of about 10 000 to 40 000 dwt which is commonly equipped with cargo gear such as cranes. This type of vessel carries principally minor bulk cargoes and limited quantities of major bulk cargoes. It is well suited for transporting cargoes to ports that may have draft restrictions or are not equipped with gear for loading or discharging cargoes.

HANDYMAX BULK CARRIER
Drybulk carriers of about 40 000 to 60 000 dwt which is commonly equipped with cargo gear such as cranes. This type of vessel carries a wide variety of cargoes including major bulk and minor bulk cargoes.

ISM CODE
The international Management code for the safe operation of ships and for pollution prevention adopted by the International Maritime Organisation.

IMO
International Maritime Organisation, the international United Nations advisory body on transport by sea.

JOINT SERVICES AGREEMENT
An organised group of shipowners and/or charterers where there is a pooling of resources for the purpose of the flexible and commercial operation of ships. A pool manager is responsible for the commercial operation of the joint service.

LINER SHIPPING OPERATIONS
Operators who trade ships according to a schedule between specified ports.

MARPOL
The international convention governing Marine Pollution Prevention. It is part of the IMO.

MAJOR BULK
Drybulk cargoes consisting of iron ore, coal and grain.

MINOR BULK
Drybulk cargoes such as forest products, iron and steel products, fertilisers, agricultural products, minerals and petcoke, bauxite and alumina, cement, other construction materials and salt.

NEWBUILDING
A vessel under construction or on order.

OFF-HIRE
Period during which a vessel is temporarily unable to operate under the terms of its charter, resulting in loss of income under the charter.

OPERATOR
An person/company who trades in ships and cargo.

P&I
Protection and indemnity insurance coverage taken by a shipowner or charterer against third party liabilities such as oil pollution, cargo damage, crew injury or loss of life, etc.

PANAMAX BULK CARRIER
Drybulk carrier of about 60 000 to 80 000 dwt with Beam not exceeding 32,2 metres which permits it to transit, when fully loaded, through the Panama Canal. Panamax vessels are primarily used to transport major bulks, although they can be used to transport certain minor bulks such as fertilisers, ores, petcoke and salt.

PERIOD MARKET
The time charter market where a ship (or space on a ship) is chartered for a period of time (see Time Charter).

PETROCHEMICALS
Chemicals containing carbon, often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal

PRODUCTS TANKER
A tanker designed to carry refined petroleum products in bulk, in multiple tanks.

SPOT RATE
Freight rate for a voyage agreed on the basis of current market level.

SPOT MARKET
The market for immediate chartering of a vessel, usually for a single cargo or short-term trading.

SUPRAMAX BULK CARRIER
Drybulk carrier within the handymax sector of about 50 000 to 60 000 dwt, which is usually grab fitted and carries a wide variety of cargoes including major bulk and minor bulk cargoes.

TAKE-OR-PAY AGREEMENT
A contractual agreement in which one party agrees to utilise specific capacity of another party's total available capacity or to pay the equivalent cost even if the contacted capacity is not utilised.

TECHNICAL MANAGEMENT
Management of those aspects of ship owning and operation that relate to the physical operation of a vessel, including the provision of crew, routine maintenance, repairs, drydocking, supplies of stores and spares, compliance with all applicable international regulations, safety and quality management, environment protection, newbuilding plan approval and newbuilding supervision and related technical and financial reporting.

TIME CHARTER
Charter for an agreed period of time where the shipowner is paid on a per day basis and is responsible for operating the vessel and paying the vessel operating costs while the charterer is responsible for paying the voyage costs and bears the risk of filling the vessel with cargo and any delays at port or during the voyage except where caused by a defect of the ship.

TIME CHARTER EQUIVALENT OR TCE
Freight and charter-hire less voyage costs incurred expressed as a daily rate over the duration of the voyage.

TONNAGE
A generic term referring to any kind of ocean-going cargo vessel or vessels.

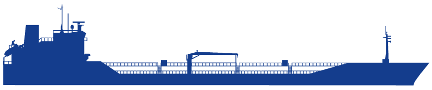
TWENTY FOOT EQUIVALENT UNIT OR TEU
The standard length of a container and the measurement used to determine the container carrying capacity of a container ship.

VOYAGE CHARTER
Charter under which a shipowner is paid freight on the basis of transporting cargo from a load port to a discharge port and is responsible for paying both vessel operating costs and voyage costs.

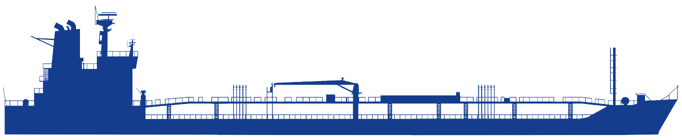
VESSEL OPERATING COSTS
These consist of crew expenses, insurance, spare parts, stores and lubricating oils, vessel repairs and surveys, commissions and other miscellaneous running costs

VOYAGE COSTS
Bunker costs, port charges and canal dues (or tolls) incurred during the course of a voyage.

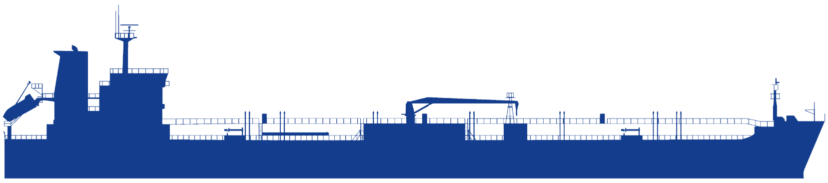
Products tankers



Small products tanker
Cargoes shipped: petrol/diesel/bulk liquids



Chemical tanker
Cargoes shipped: industrial chemicals/bulk liquids



Medium-range products tanker
Cargoes shipped: petrol/diesel/vegetable oils

Drybulk carriers

Handysize bulk carrier
Cargoes shipped: mining/agricultural/general bulk products

Panamax bulk carrier
Cargoes shipped: grain/steel

Capesize bulk carrier
Cargoes shipped: iron ore/coal

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