Annual Report 2009

GRINDROD
LIMITED

Contents

Vision

The Grindrod group's vision is to create sustainable returns and long-term value for shareholders which is to be achieved through the contribution of the four divisions:

Shipping

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

Trading

To be a sustainable commodity trading business which is a respected global participant.

Freight Services

To be a dominant and profitable regional freight services provider focusing on infrastructural development.

Financial Services

To grow Grindrod Bank to be a meaningful participant in the southern African financial services arena.

Mission

Shipping

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

Trading

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.

Freight Services

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

Financial Services

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.

Business overview

Grindrod Limited is a holding company listed on the JSE Limited (JSE) and invests in subsidiaries, joint ventures and associates, operating in four business divisions, namely Shipping, Trading, Freight Services and Financial Services, which provide operating and marketing synergies both locally and internationally.

The group's head office is in Durban, South Africa and it has operations in 24 other countries as reflected in the geographic profile.

Geographic profile

	Shipping	Trading	Freight Services	Financial Services
Angola			●	
Argentina		●		
Botswana			●	
Brazil		●		
Canada	●			
China		●		
Denmark	●			
Ecuador		●		
France		●		
Hong Kong		●		
Isle of Man	●	●		
Japan	●			
Malawi			●	
Mauritius			●	
Mozambique			●	
Namibia			●	
Peru		●		
Singapore	●	●		
South Africa	●	●	●	●
South Korea		●		
Tanzania			●	
The Netherlands	●			
United Arab Emirates	●			
United Kingdom	●	●		
United States of America	●			

Group history

Celebrating a century of shipping and freight logistics excellence

THE YEAR 2010 MARKS GRINDROD'S CENTENARY

One hundred years ago, Captain John Grindrod started Grindrod & Company, a clearing and forwarding agency and marine surveying business. Twelve years later he and Leon Renaud purchased the 150 tonne steamer *Frontier* as she lay disabled on the Durban breakwater. Refloated and re-equipped, she began trading to Port St Johns and East London carrying sugar, oil, timber, hides, wool and occasionally livestock. Their company, the SS Frontier Company was the predecessor of the founding company of Unicorn Shipping and the Grindrod group.

Cecile Mapleson

Nine years later Renaud, a leading Durban legal counsel, learned through the legal network of an old pilgrim ship, the *Halal*, which was lying in Aden pending sale by auction. Purchasing her for £9 355 under the name African Coasters (Pty) Limited, he renamed the 430 tonne ship *Cecile Mapleson*, his wife's maiden name and with Grindrod & Company as ships agents began trading between Durban and Lourenço Marques (now Maputo).

On the death of Captain John Grindrod in 1930, his son, Walter Grindrod, born in Britain in 1903, took over the management of Grindrod & Company and became a very active protagonist of the coasting industry. An interest that was amplified in 1931 when he became an alternate director on the board of SS Frontier Company.

When Leon Renaud died in 1934, his son Cecil joined the board of SS Frontier Company, rekindling with Walter Grindrod the business partnership their fathers had enjoyed. Within three years they had consolidated the operations of the SS Frontier Company and African Coasters.

The Second World War interrupted their hard work as both men joined the armed forces, but immediately on their return they set about expanding their fleet, a programme led by Walter Grindrod, who became managing director of African Coasters in 1946.

Steeped in shipping from dinnertable discussions and a family life that revolved around the small vessels trading out of Durban, Murray Grindrod, son of Walter Grindrod, joined Grindrod in 1957. In his job he learnt the trade from the wharf side, becoming involved in the hiring of personnel, stevedoring and general ships husbandry. He also took every opportunity to study the operation of the ships at sea, which gave him a personal grasp of the trade and an affinity with the people aboard. In 1960, he was appointed alternate director to his father.

Steamer, Frontier (5)

Pauli and Murray Grindrod at the launching of the first South African container ship, Berg

Captain John Edward Grindrod

PLOTTING THE COURSE FOR GRINDROD

With the limited volumes of coastal cargoes being spread among three players and African Coasters needing an urgent injection of capital to replace their ageing fleet, it was Murray Grindrod who persuaded his father and Cecil Renaud to seek finance elsewhere. Indeed, it was the team that he led that secured funding from Union Corporation, thus paving the way for the modernisation of the fleet, the subsequent merger with Smith's Coasters in 1966 to form Unicorn Shipping Lines and the acquisition of Thesen's Steamship Company from Safmarine in the same year. The Unicorn brand has since been synonymous with local shipping.

Under Murray Grindrod's leadership as managing director, Unicorn pioneered a fully cellular container service in 1971.

GRINDROD LISTS ON THE JSE

A personal sense of achievement for Murray Grindrod followed the acquisition of the majority shareholding from Union Corporation's successor, Gencor in 1986 and then the listing of the group in the same year.

Mike Groves was appointed managing director of the newly listed Grindrod Unicorn group and a number of years later Ivan Clark became the group's chief operating officer, a move that culminated in his appointment as managing director in July 1999.

GROWTH STORY

A highlight of 1999 was the successful acquisition of Safmarine's 40% interest in Unicorn Lines (Pty) Limited (which later changed its name to Unicorn Shipping (Pty) Limited) held by the Restis group of Greece.

The Grindrod Unicorn Group Limited changed its name to Grindrod Limited, incorporating a new brand and logo. Under the dynamic leadership of Ivan Clark and a new executive team together with a general rationalisation of structures, the group acquired several key companies in rapid succession including Island View Shipping. The shipping fleet was increased at a low point in the market, land-based activities were expanded and trading businesses and the full shareholding in Grindrod Bank were acquired.

Grindrod today lists numerous proud achievements, including being named the top listed shipping company in the world in 2004 and 2005 and as the top listed company in South Africa for 2004 and 2005. In 2009, the group received the accolade as the number one JSE listed company over 10 years.

At the end of 2006 and after nearly 30 years' service, Ivan Clark retired as chief executive officer and was appointed deputy chairman and subsequently chairman when Murray Grindrod retired after 21 years as chairman and 50 years with the group. Alan Olivier was appointed Ivan Clark's successor as chief executive officer and has recently had to steer the group through tough economic times.

INVESTING IN THE FUTURE – CHARTING NEW HORIZONS

Grindrod has committed employees, a strong balance sheet, limited debt, good liquidity, a low cost fleet and diversified freight and logistics operations. The Grindrod group is poised for future growth in all its divisions and looks forward to "Charting New Horizons" with all its stakeholders.

Strategic objectives and profile

Shipping

Strategic objectives

- grow drybulk ship operating business contract base with reputable counterparties;
- improve product tanker operating capability and expand the bunker tanker business;
- monitor the international shipping market for distressed purchase opportunities both in the liquid and drybulk markets; and
- maintain good forward employment cover through reliable counterparties.

Trading

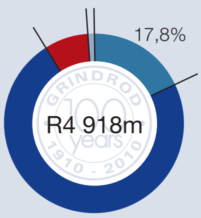
Strategic objectives

- source and develop value chain enhancements that improve the offering to customers;
- expand into new products and markets;
- leverage intra-group synergies with Shipping and Freight Services; and
- focus on containment of costs and maintenance/ improvement of margins.

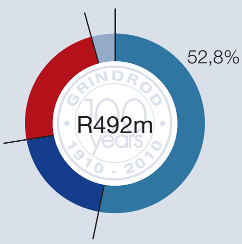
UNICORN SHIPPING

ISLAND VIEW SHIPPING

CONTRIBUTION TO GROUP REVENUE 2009



CONTRIBUTION TO GROUP INCOME 2009*

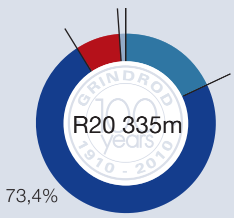


ATLAS TRADING & SHIPPING

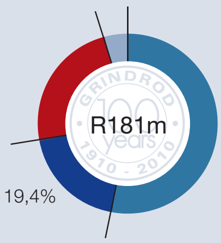
COCKETT MARINE OIL

oreport

CONTRIBUTION TO GROUP REVENUE 2009



CONTRIBUTION TO GROUP INCOME 2009*



** Excludes group cost*

Freight Services

Strategic objectives

- leveraging growth opportunities created by the demand for regional infrastructural logistics and transport investment;
- expansion and development of new terminal facilities;
- further development of rail service offering; and
- integration of strategic assets and supply chain capabilities.

Financial Services

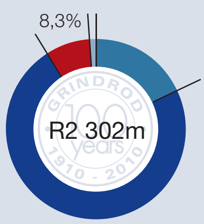
Strategic objectives

- continue the focus on lending in its traditional commercial and industrial property segment and to balance the advances book with growth in new areas of invoice discounting and trade finance;
- with the formation of a specialist asset management division, to grow assets under management in the three core areas of private clients, investment products and institutional funds; and
- increase non-interest revenue through the integration of the expanded corporate finance team.

GRINDROD FREIGHT SERVICES

GRINDROD BANK

CONTRIBUTION TO GROUP REVENUE 2009



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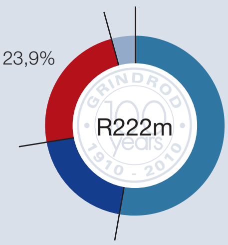
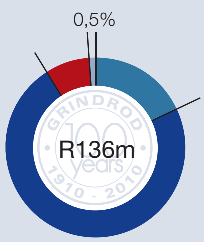
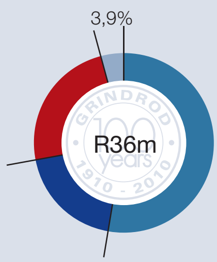


CONTRIBUTION TO GROUP REVENUE 2009



CONTRIBUTION TO GROUP INCOME 2009*



** Excludes group cost*

Directorate – non-executive directors

WALTER DAYSON GEACH (Advocate) (55)

BA 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 at the Graduate School of Business, University of KwaZulu-Natal. 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. He is the author of a number of books including *Guide to the Companies Act* and *Regulations* and *Guide to the Close Corporations Act and Regulations.*

Member of the audit committee.

IVAN ARTHUR JAMES CLARK (66)

CA(SA)

Non-executive chairman

Appointed June 1993

Chairman of Grindrod Bank Limited. Ivan was employed by the group in 1977 and has held various senior financial and executive positions in the Shipping division. He served as group managing director/chief executive officer from 1999 to 2006, when he was appointed deputy chairman of the group. Appointed chairman on the retirement of W M Grindrod in 2007.

Member of the remuneration/ nomination committee.

MKHUSELI RICHMAN FAKU (43)

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 non-executive director of Total South Africa (Pty) Limited, Grindrod (South Africa) (Pty) Limited and director of various Calulo subsidiaries.

HASSEN ADAMS (57)

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 and GrandWest Casino. Hassen is a consulting engineer and chairman of ASCH Consulting Engineers and Proman Project Managers. He has diversified business interests in engineering, project management, leisure, gaming and property developments.

IAN MICHAEL GROVES (64)

CA(SA)

Independent non-executive director

Appointed August 1986

Non-executive director of Value Group Limited, SA Corporate Real Estate Fund Managers Limited and Grindrod Bank Limited. Managing director of the group from 1986 to 1999. Mike has many years' experience in the shipping industry and in the role of non-executive director of listed companies.

Chairman of the audit committee.

Member of the remuneration/nomination committee.

ROBERT ANTHONY NORTON (70)

BA; MA; FIBSA

Independent non-executive director

Appointed August 1998

Non-executive director of Grindrod Bank Limited. Tony has considerable experience as an executive in commerce and is a past president of the JSE Limited.

Member of the audit committee.

Chairman of the remuneration/nomination committee.

MICHAEL JOHN HANKINSON (60)

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), Transnet Limited, Sovereign Food Investments Limited and Illovo Sugar Limited. Mike is a former chief executive of Dunlop Tyres International (Pty) Limited and Romatex Limited.

SANDILE DONALD MUZIWENKOSI ZUNGU (42)

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.

NAMHLA THINA YVONNE SIWENDU (43)

BSocSC (Hons); LLB

Independent non-executive director

Appointed May 2008

Director and non-executive director of various companies. Thina was recently appointed to Woolworths Holdings Limited. She specialises in Corporate Governance Law and Regulation and is an attorney of the High Court of South Africa.

Resigned January 2010.

Directorate – executive directors

JOHN GIFFORD JONES (59)

Executive director – Agencies

Appointed October 2002

Director of various subsidiary companies. John was employed in the group in 1969 and achieved 40 years' service in the past year. He has considerable experience in freight and ships agency businesses.

DAVID ANTHONY RENNIE (Captain) (49)

Executive director – Freight Services

Appointed October 2002

Director of major local subsidiaries, chairman of the Container Liner Operators Forum and co-chairman of the South African Container Terminals Advisory Board. Dave was previously managing director and is now a non-executive director of Ocean Africa Container Lines (Pty) Limited. He was employed in 1978 and has diverse seafaring and seafreight logistics experience.

ANTHONY FRASER STEWART (45)

CA(SA)

Financial director

Appointed August 2003

Director of major local and international subsidiary companies within the group. Tony was employed in 2000 and held various financial management positions prior to his appointment as group financial director.

ALAN KEITH OLIVIER (49)

CA(SA)

Chief executive officer

Appointed May 1999

Alan was employed in 1986 in the Shipping division and has held senior treasury and financial positions as well as chief executive of Unicorn Shipping. Director of local and international subsidiary companies, including Grindrod Bank Limited. Deputy chairman of The United Kingdom Mutual Steamship Assurance Association (Bermuda) Limited.

DAVID ANDREW POLKINGHORNE (45)

BCom; MA (Oxon)

Executive director – Financial Services

Appointed November 2006

Managing director of Grindrod Bank Limited and executive director of all Financial Services companies. David has extensive corporate and investment banking experience.

LAURENCE ROLAND STUART-HILL (46)

CA(SA)

Executive director – Shipping (Tankers)

Appointed 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 when he took responsibility of Unicorn Shipping.

JAMES BRENDAN McILMURRAY (66)

LLB (University of London)

Chief executive officer – Trading

Appointed 2008 to executive committee

Brendan has ten years' marketing experience in the mining industry with Union Corporation, Impala Platinum and Anglovaal and 30 years' experience in the trading industry. Brendan is the founding member and director of the Oreport group.

Member of the executive committee.

Brendan is not a director of Grindrod Limited.

TIMOTHY JOHN THEO McCLURE (Captain) (59)

DipM Law

Executive director – Shipping (Drybulk)

Appointed October 2002

Director of major local and international subsidiaries. Non-executive director of United Kingdom Freight Demurrage and Defence Association Limited. Tim is president of the South African branch of the Institute of Chartered Shipbrokers.

Chairman's report

Dear shareholder,

INTRODUCTION

I am privileged to be writing this chairman's report in the year in which Grindrod celebrates its centenary. It was in 1910 that Captain John Edward Grindrod started the shipping and forwarding agents business, Grindrod & Company. The past 100 years have been a remarkable journey and we can marvel at the many achievements of the group as it is today.

As I highlighted in my last report, 2009 has turned out to be a most challenging year for Grindrod. Against the background of global economic turmoil and the intensifying recession, the accompanying massive decline in shipping rates severely impacted our business.

The contrast between 2008 and 2009 could not be starker. 2008 was a year of super profits at the height of a world shipping boom, whereas 2009 profits were achieved against a year of major economic collapse and uncertainty, particularly evident in the shipping and freight services industry in which we operate. This resulted in earnings falling 60% from R2,1 billion to R873 million for the year to 31 December 2009.

Clearly, the momentum of the company's exceptional compound growth of 52% over the first decade of the 21st century could not be sustained as the changed global environment drastically altered our business fundamentals. The protection of wealth and cash became a priority. Management immediately set about reviewing the group's strategy and implementing plans and it is pleasing to report that their quick and appropriate response to the challenges have gone a long way to protecting the group's assets and in particular its cash resources.

BALANCE SHEET

Cash is king in the current market and Grindrod made sure at the early signs of the crisis that it would be financially secure to weather the storm. Critics could point to our unleveraged balance sheet, claiming it to be conservative, but this has held us in good stead. In uncertain economic times this is a preferable position to be in than that of high levels of gearing, which some global companies have had difficulty in servicing. The board considered it more prudent to be debt free and able to protect Grindrod's asset base, built up over many years, rather than pursuing an aggressive acquisition strategy at this time.

This approach also enabled management to remain focused on expediting its current business plan without diverting attention to introducing new operations into existing businesses in difficult times.

This strength differentiates Grindrod from its peers in an industry characterised by highly distressed shipping companies, many of whom posted substantial losses and some were required to raise capital and/or reschedule debt merely to stay in business.

OPERATING PERFORMANCE

In addition to cash and asset protection, the group was able to deliver an attributable profit to ordinary shareholders of R873 million.

This was achieved mainly through following a conservative policy of increasing contract cover in the Shipping division. The diversification strategy, pursued over the last ten years, clearly cushioned us from the severest impacts of the recession. This strategy has reaped rewards with land-based businesses, agencies, trading and banking operations, contributing nearly 50% of the 2009 earnings.

A final dividend of 30 cents (interim 30 cents) per ordinary share has been declared which reduces dividend cover to 3,2 times from the previous policy of 3,5 times.

CORPORATE GOVERNANCE

The board welcomes the publication of new corporate governance compliance requirements in South Africa. The company has made solid progress in aligning itself with the requirements of the revised Code and Report on Governance for South Africa (King III), effective from 1 March 2010 and with the new Companies Act, expected to come into effect later this year.

SUSTAINABILITY

In terms of financial sustainability the company was awarded top spot in the 2009 Top 100 Companies awards for best performance over ten years, achieving a 52% compound growth since 1999.

As I mentioned last year, the company remains committed to open and transparent dialogue with stakeholders in line with World's Best Practice. We report our progress in terms of the G3 Guidelines of the Global Reporting Initiative (GRI) on page 104. During the 2009 annual review of the Johannesburg Stock Exchange (JSE's) Socially Responsible Investment (SRI) Index, Grindrod was initially recommended for exclusion. Pursuant to this, the JSE, in consultation with the data provider and the SRI Index Advisory Committee and in accordance with the SRI Index ground rules, reviewed the information in relation to the company and found sufficient evidence regarding the company's progress on environmental management issues. Grindrod will therefore be reinserted into the SRI Index from late March 2010 on the basis of having made significant year-on-year improvement in its environmental practices.

DIRECTORATE

Towards the end of last year we welcomed three additional non-executive appointments to the board. They are Messrs Mkhuseli Faku, Michael Hankinson and Sandile Zungu.

I am pleased with the wide fields of expertise and experience each of these new members brings to the board. I look forward to their, and indeed, every member's constructive participation in the year ahead.

Ms Thina Siwendu resigned in January 2010 and I thank her for the contribution she made to the board.

The Grindrod board is now compliant with King III principles in terms of board structure. It comprises a majority of non-executive directors, the majority of whom are independent. The full board of directors is set out on pages 6 to 9 of this report.

LOOKING FORWARD

The board considered the downturn in global markets as an appropriate time for Grindrod to enter a consolidation and rationalisation phase. The group remains in excellent shape. When opportunities return, the group will be well positioned to consider them. The cautious approach to growth through acquisition and/or development of the existing asset base will continue for the time being.

Over recent months shipping markets have improved, but their future direction remains uncertain and the world economic recovery still has some distance to go.

IN CLOSING

As we celebrate Grindrod's 100th birthday we can be justifiably proud to be associated with a group that has succeeded for so long and which has such promising prospects for the future. Grindrod has financial security, good assets and products and first class people who know the business. The group is steeped in tradition and bases its conduct on high ethical and moral standards. Grindrod has an excellent reputation reflected in its profile in world markets.

APPRECIATION

I extend my gratitude to my fellow directors for their diligent service. I thank the chief executive, Alan Olivier and the Grindrod team of employees for their outstanding efforts and hard work in a very difficult year. I look forward to their continued support and contributions into the future.

I A J Clark
Chairman

Durban
17 February 2010

Chief executive officer's report

INTRODUCTION

The group's 2009 results were recorded against the backdrop of a major global recession characterised by volatility and uncertainty in financial, commodity and shipping markets, low trade volumes and increased credit and counterparty risk. These events signalled an end to an extended period of extraordinarily strong drybulk shipping markets with extremely weak markets in the first half of the year. These markets did, however, improve from a low base in the second half of the year, mainly due to strong commodity demand from China.

In reaction to market conditions, Grindrod prepared for a difficult year, focusing efforts on key operational areas by:

- protecting the balance sheet through maintaining high levels of contract cover, managing counterparty risk and selectively selling ships to lock in value;
- reducing costs and improving efficiencies to support the earnings base; and
- protecting customer relationships.

These actions, combined with a decision not to materially expand the shipping fleet at the top of the market, positioned Grindrod well in the face of a world economic recession.

Furthermore, the overall strategy to diversify the group from shipping to a broader-based freight and logistics business supported group earnings during the year.

DIVISIONAL OVERVIEW

The poor economic climate impacted on all divisions in the group, particularly Shipping. After a very weak start to the year, drybulk shipping markets were stronger than initially anticipated through better than expected commodity demand driven mainly by Chinese infrastructural development as well as delays in the delivery of new ships. Tanker markets were weaker than anticipated due to a reduction in the consumption of petroleum products in the western economies as a result of the recession, together with a large fleet growth.

South African commodity flows were impacted by an initial reduction in demand but more significantly by the effect of the stronger Rand/US Dollar exchange rate, which made it difficult for exports in mining and manufacturing to compete. The recent signs of economic recovery as reflected in commodity prices has, however, improved this position with substantial demand for South African commodities, in particular, coal and iron ore, being experienced in the current year.

The decline in South African consumer demand resulted in lower container and consumer product volumes. This had a material impact on the group's logistics businesses.

Shipping earnings declined by 74% from R1 862 million to R492 million on the back of the fall in shipping rates, the world economic collapse and lower profits from ship sales. The division was impacted by foreign exchange losses

due to a strong closing Rand/US Dollar exchange rate compared to a large gain in the prior year.

The Trading division's earnings grew from R132 million to R181 million in 2009, increasing 37% due to improved volumes, better operating margins and reduced funding costs.

In spite of tough trading conditions, particularly in the logistics operations, Freight Services grew earnings by 17%, reporting profits of R222 million compared to R189 million in the previous year. A strong performance was achieved by Ports and Terminals with Seafreight, Intermodal and Agencies also contributing positively to the division's result.

Financial Services grew earnings by 3% from R35 million to R36 million in a challenging environment with commendable performances across key portfolios and improved fee income.

As previously reported, the majority of the Freight Services' South African-based businesses, operating through the subsidiary company Grindrod (South Africa) (Pty) Limited, achieved black empowerment status in the first quarter of 2009. The finalisation of the transaction, combined with other black economic empowerment (BEE) initiatives, resulted in Grindrod (South Africa) (Pty) Limited achieving a level 3 BEE rating.

Detailed reviews of segmental activities and performances are set out in the reviews on pages 28 to 55.

GROUP STRATEGY

Over the past 18 months, considerable attention has been given to preserving the group's balance sheet, which positions the group to take advantage of acquisition opportunities. No significant opportunities became apparent during 2009. Projects to expand capacity in Ports and Terminals will continue, while strategic opportunities to complement the business model will be explored.

It remains a longer-term goal of the group to diversify its operations through investing in Trading, Freight Services and Financial Services. This objective has been substantially achieved with these businesses contributing close to 50% of group profits.

Each division has its own balance sheet and has been allocated equity to fund expansion. The group has committed capital expenditure of R2,3 billion over the next three years with a further R2,7 billion budgeted.

The group has a highly flexible approach to capital allocation and has the ability to redeploy capital into the divisions or to projects offering the best prospects and returns to shareholders. In the event the group undertakes major projects outside its balance sheet capability, consideration may be given to raising additional capital.

MARKET OUTLOOK

The drybulk shipping market experienced all-time low freight rates at the beginning of 2009. This was followed by an upward correction towards mid-year. The company's primary market, the smaller handysize vessels, was far more stable as rates generally improved steadily throughout the year from this low base.

The outlook for the drybulk market for 2010 remains uncertain due to the industry's large order book, particularly in the capesize sector, a significant portion of which is, however, not expected to deliver. The strong demand for commodities in India and China is expected to continue to grow during 2010.

The tanker freight rates should be supported by increasing demand for oil particularly as a result of anticipated growth in Eastern developing markets over the medium to longer term.

The South African economy stands to benefit from improved commodity demand especially if the Rand/US Dollar exchange rate does not strengthen significantly. This in turn should lead to an improved consumer demand, which is already reflected in a recovery of the container freight market. Further growth is likely as the local economy recovers from the effects of the recession.

GROUP PROSPECTS

The global and local economies are in the process of recovering from the severe recession which was at its worst in the first half of 2009. Improving economic activity, mainly driven by growth in China and India, has led to increasing commodity demand, generally higher commodity prices and a substantial rise in trade volumes. It is anticipated that all divisions will benefit from the improving upward cycle.

There is some concern that the large number of new drybulk ships due for delivery in the short term could adversely affect the drybulk shipping market and consequently may negatively impact the results of the Shipping division, despite the benefit of improving demand for commodities.

The outlook for Freight Services is positive, with the business expected to benefit from increased volumes handled at the recently expanded drybulk terminals. Trading and Financial Services should maintain their current performances.

The group results are extremely sensitive to the Rand/US Dollar exchange rate and continued strength of the local currency will impact negatively on earnings. The converse will obviously apply if the currency weakens.

In spite of the uncertainties above, the group could benefit from well timed use of its balance sheet to expand operations. Management expects to achieve acceptable returns on shareholders' funds for 2010.

SUSTAINABLE DEVELOPMENT

In accordance with our commitment to responsible corporate citizenship, the environment, climate change and the measurement of related aspects, including carbon emissions, have received increased focus during the year.

Grindrod continues to adapt and refine its reporting systems for sustainability data and is presently allocating additional resources to managing and improving performance against sustainable development objectives.

Grindrod acknowledges that its various operations impact or potentially impact upon the environment in which they operate. It is the company's policy to conserve natural resources, maximise eco-efficiency, reduce waste and climate change impacts and prevent pollution throughout its operations.

MANAGEMENT AND EMPLOYEES

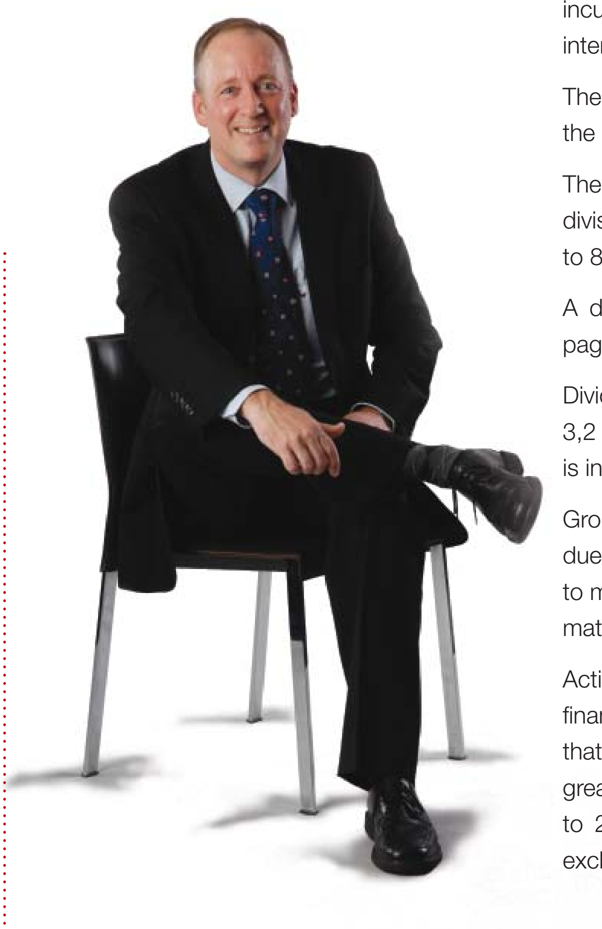
It is with regret that Tim McClure will be retiring in July 2010. Tim joined us when Island View Shipping was acquired in 1999 and has since made an invaluable contribution to the group's performance. His position as chief executive officer of Drybulk Shipping will be filled by Martyn Wade who has 32 years' shipping experience. There have been no other changes to the group executive.

I look forward to the continued commitment of the group executive and would like to thank them and all employees for their contributions and hard work during a difficult year. I would also like to thank the chairman, Ivan Clark and the non-executive directors of the board for their support over the past year.

A K Olivier
Chief executive officer

Durban
17 February 2010

Financial director's report



INTRODUCTION

Group revenue at R27,7 billion was 18% lower than the prior year due to lower shipping charter rates and commodity prices during 2009. Although the non-shipping operations reported improved profitability, the effect of the lower shipping revenue against a relatively fixed-cost base reduced earnings before interest, tax, depreciation and amortisation (EBITDA) to R1,4 billion from the R3,0 billion reported in the previous year.

Higher depreciation and amortisation charges in 2009, as a result of capital expenditure during 2008 and 2009, further negatively impacted profitability with operating income reducing to R1,1 billion, a 59% decline from 2008. Operating margins, excluding the trading business, were 12,2% compared to 27,8% in the previous year.

The large non-trading item in the prior year relates mostly to impairments of ships and the recognition of intangible assets. Net interest costs were substantially lower due to the interest rates and borrowings being at lower levels during the year. The strategy of holding US Dollar cash resources while incurring high Rand funding costs, did, however, contribute to the group's interest costs.

The group's average tax rate increased from 9,7% to 16,5%, mainly due to the larger earnings contribution from non-shipping businesses.

There has been a significant change in earnings contribution from the Shipping division, which has only contributed 56% of the group's earnings compared to 86% in 2008.

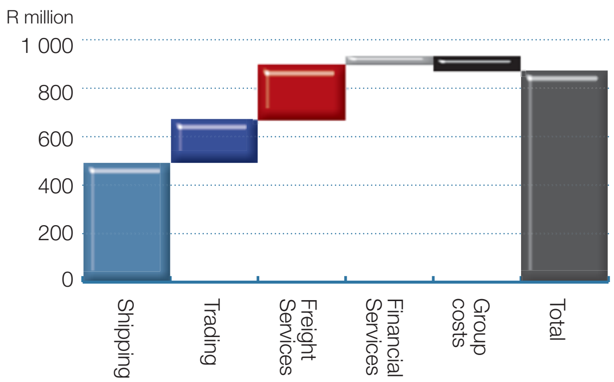
A detailed review of segmental performance is set out in the reviews on pages 28 to 55.

Dividend cover has been reduced from the historically applied 3,5 times to 3,2 times. This does not necessarily indicate a permanent shift in policy but it is intended that this will be reviewed at each reporting period.

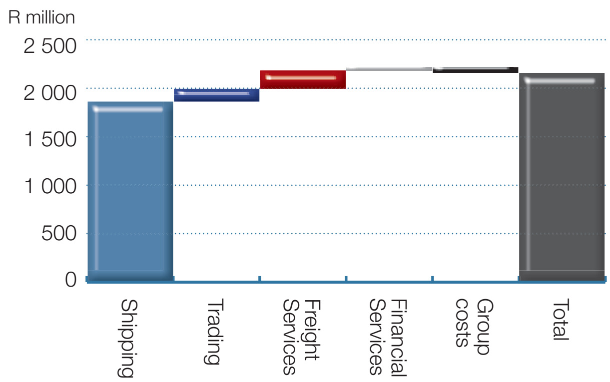
Group equity has decreased from R6,8 billion to R5,8 billion in 2009 mainly due to the effect of the stronger Rand/US Dollar exchange rate but also due to movements in the group's hedging reserves. The exchange rate has had a material impact on the group's balance sheet.

Actions taken during the financial crisis has ensured an extremely strong financial position with gearing at only 4% and strong liquidity. It is pleasing to note that the market value of the group's owned and chartered fleet is R800 million greater than book value (2008: R1 832 million). The decrease in comparison to 2008 is due mainly to the lower value of the group's tanker fleet and exchange rate.

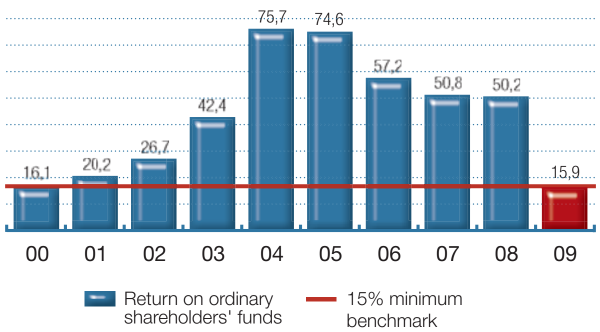
2009 ATTRIBUTABLE INCOME BY DIVISION



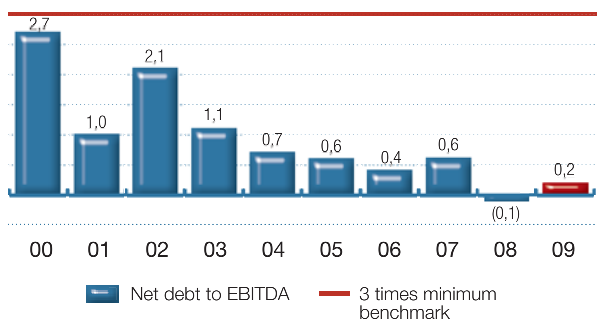
2008 ATTRIBUTABLE INCOME BY DIVISION



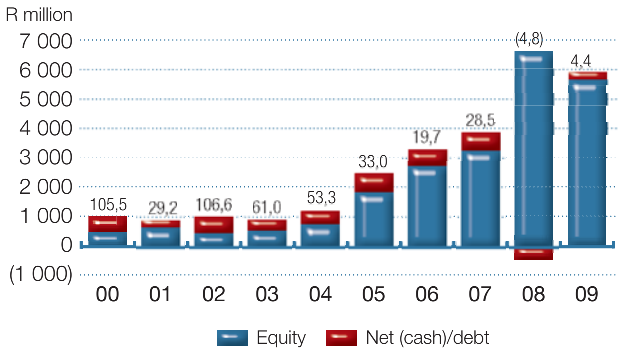
RETURN ON ORDINARY SHAREHOLDERS' FUNDS (%)



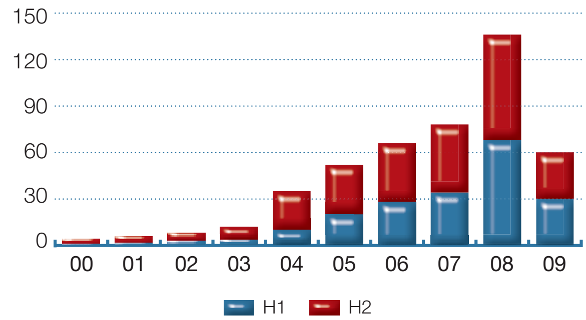
NET DEBT TO EBITDA (times)



EQUITY/NET DEBT AND GEARING (%)

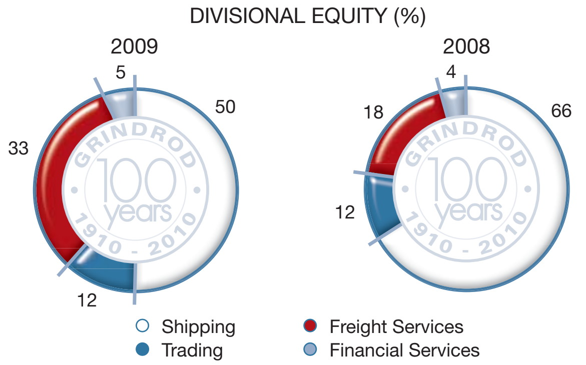


ORDINARY DIVIDEND/DISTRIBUTION PER SHARE (cents)



Financial director's report (continued)

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



A detailed review of funding positions and returns are included in the segmental reviews.

As the group is made up of a number of independently operated segments, it is believed that analysts and investors should assess each of these separately and in particular, they should be compared to suitable peers in the relevant sectors, both locally and internationally. Although the operations are independent, the group is not managed as a conglomerate as there is a high level of integration between the various businesses. Consequently it is believed that there are substantial synergies that can be realised and the range of services provided allows for the diversification of risk and maximising of shareholder returns. The group has included additional detailed information in the segmental reviews to enable analysts and investors to compile fair valuation assessments.

CAPITAL EXPENDITURE AND COMMITMENTS

A summary of the group's 2009 capital expenditure and commitments is set out below:

	Capital expenditure 2009 Rm	2010 Rm	2011 Rm	2012 Rm	Total commitments Rm
Shipping	827	858	635	85	1 578
Trading	228	26	–	–	26
Freight Services	345	612	68	–	680
Financial Services	5	–	–	–	–
Group	3	8	6	1	15
	1 408	1 504	709	86	2 299

The group has sufficient cash reserves, cash generated from operations and committed bank financing facilities to fund approved capital expenditure.

During 2009, once some stability had returned to the financial markets, 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 group has moved away from different benchmarks for each of its divisions and now has a single benchmark for low, medium and high risk projects. This will help ensure that capital is applied to the divisions where it will give the best returns on investment. Management continues to monitor the performance of the various divisions and will consider reallocating equity 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 and will be targeted. A further, secondary restriction in terms of a maximum net debt/EBITDA multiple of 3 times with an optimal level of 2,5 times will also be applied. The calculation of WACC is set out on page 21:

Cost of equity/required rate of return	15,0%
Long-term cost of borrowings	
(5-year JIBAR + 200 bps)	10,7%
After tax	7,4%
WACC based on 75% debt/equity	12,0%

WACC HURDLE RATES BASED ON VARIOUS SCENARIOS

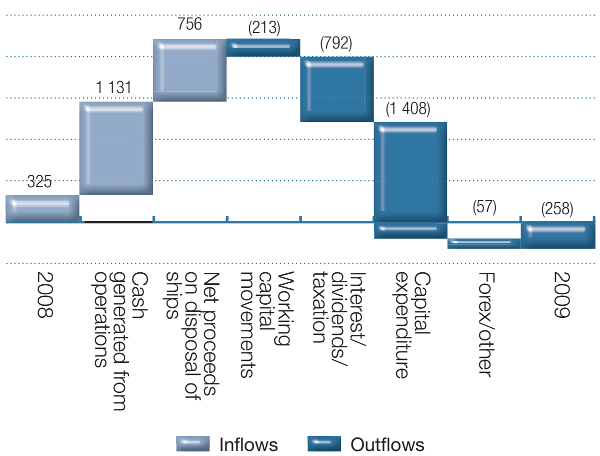
	High risk projects	Medium risk projects	Low risk projects
ZAR	15%	12%	9%
USD/EUR	10%	8%	6%
Implied USD/EUR return on equity	15%	11%	8%

These benchmarks will be regularly reviewed and amended as market conditions change.

BORROWINGS, CASH FLOW AND LIQUIDITY

Cash generated from operations was R918 million compared to R3 353 million in 2008. Cash outflows included capital expenditure of R1 408 million and dividends of R540 million during the year. This resulted in a net cash position of R325 million at 31 December 2008 becoming a net debt position of R258 million at 31 December 2009 and a net debt/equity ratio of 4%. Net interest costs at R91 million, although decreasing by 48% from R175 million, remain material due to low interest earned on the substantial US Dollar cash resources while interest costs were incurred on Rand debt.

NET DEBT ANALYSIS



Detailed liquidity forecasts are regularly prepared which take into account the group's capital commitments, available facilities and cash resources and have been "stressed" to assess the outcome of a worst-case scenario which still indicates a strong liquidity position over the medium-term. Management is continually seeking opportunities to further strengthen the position.

FOREIGN CURRENCY EXPOSURES

At 31 December 2009, the group had a net open US Dollar position of US$55 million which, when revalued, impacts on group earnings. This is in line with the current approved group policy of maintaining US Dollar income statement exposure between US$30 million and US$80 million. In addition, a further exposure of 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$737 million.

The group also has substantial exposure to the US Dollar through its US Dollar operating cash flows. In 2009, this amounted to R130 million which was converted at the average Rand/US Dollar exchange rate. 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.

The Rand/US Dollar exchange rate significantly impacts on the group's results as illustrated below.

Effect of Rand/US Dollar exchange rate on 2009 earnings	
Opening vs closing rate	R50 million per R1/US$
Average rate	R130 million per R1/US$

Foreign currency exposure arising on Yen-denominated shipping capital commitments as at 31 December 2009 is JPY5,36 billion (US$58 million).

INTEREST RATE EXPOSURES

At 31 December 2009, 60% of the group's Rand interest rate exposure was hedged at advantageous levels. This is in line with the approved group interest cover policy of 30% to 70% group Rand debt cover over two years. It is the policy of the group to maintain adequate cover on Rand debt to ensure that exposure to fluctuating interest rates is minimised. The position is monitored closely by management.

Financial director's report (continued)

Due to the minimal US Dollar debt in the group, management has not considered hedging US Dollar interest rates in the short term. This position will be reviewed should the group increase US Dollar debt in the longer term.

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 74 to 77.

FINANCIAL CONTROLS AND SYSTEMS

The internal control systems are designed to provide reasonable assurance against material losses and misstatement of financial results and 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;
- an operating structure which requires that borrowings and other financial facilities are approved in terms of a mandate by the board and that these remain within predetermined ratios;
- the review and approval of business plans and budgets by the board; and
- continuous updates of risk models that determine the financial impact of capital expenditure and long-term charter of ships against predetermined board approval benchmarks in respect of gearing ratios and worst-case profit scenarios.

INFORMATION TECHNOLOGY

The group continues to invest in information technology systems to extract efficiencies and improve the value of information through the consolidation of systems and architecture. Major projects undertaken during the year include:

- consolidation of the old standalone software application servers (processing units) in a large virtual processor, effectively placing all software applications onto a single large computer and running management software that will dynamically allocate shared hardware resources to the application that needs the most at peak times, eliminating the previous need to ensure that each individual server had enough capacity to handle infrequent processing peaks;
- the Shipping division consolidated all global operations onto SAP (integrated accounting systems) and IMOS, which is a tailored package specifically designed for shipping operators, allowing the business to manage both ships (voyage planning and control), cargo booking and delivery execution; and
- Freight Services finalised its information technology strategy aimed at the consolidation of systems and implementing SAP financial reporting systems across the division's operating model.

ACCOUNTING POLICIES

The annual financial statements comply with International Financial Reporting Standards as well as with Schedule 4 of the South African Companies Act and the disclosure requirements of the JSE Limited Listings Requirements.

The accounting policies are consistent with those applied in the financial statements for the year ended 31 December 2008, except for the revised IAS 1 Presentation of Financial Statements and IFRS 8 Operating Segments, which were adopted in the current year. The cash flow for 2008 has been restated due to a reallocation in relation to IAS 7 Cash Flow Statements. The adoption of these new standards has resulted in certain disclosure reclassifications, but has not resulted in any changes in accounting policy.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES/KEY SOURCES OF ESTIMATION UNCERTAINTIES

These are dealt with in detail in the accounting policies section on page 112.

INTERNAL AUDIT APPROACH

The internal audit approach has been dealt with in the corporate governance report on page 59.

POST BALANCE SHEET EVENTS

No material changes have taken place in the affairs of the group subsequent to year-end, other than those reported in the chief executive officer's report.

GROUP FINANCIAL REVIEW

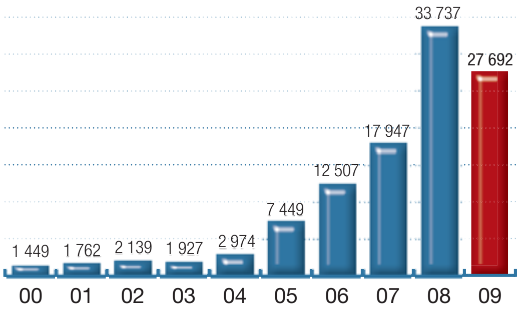
The ten-year review of the group's financial position is set out on pages 23 to 27.

A F Stewart
Financial director

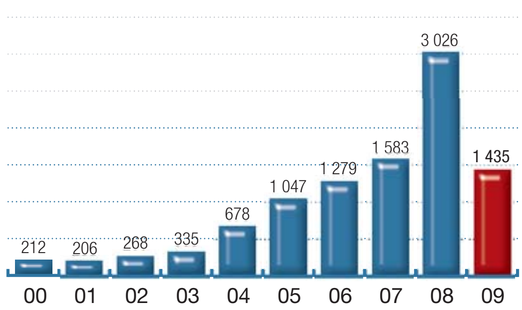
Durban
17 February 2010

Group financial review

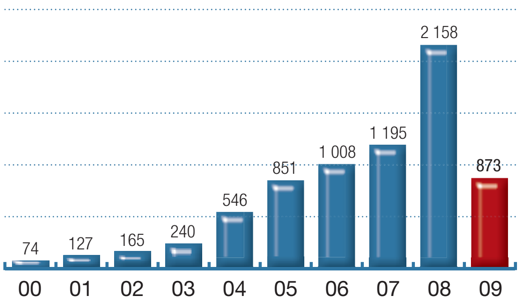
REVENUE (Rm)



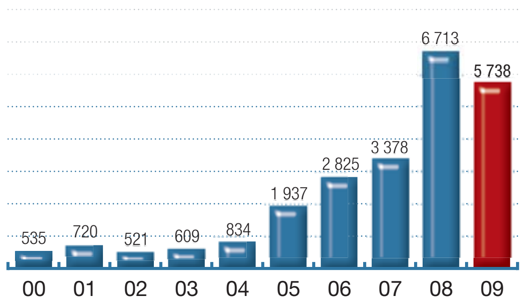
TRADING PROFIT (EBITDA) (Rm)



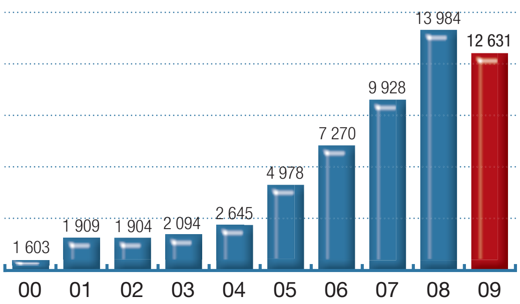
ATTRIBUTABLE INCOME (Rm)



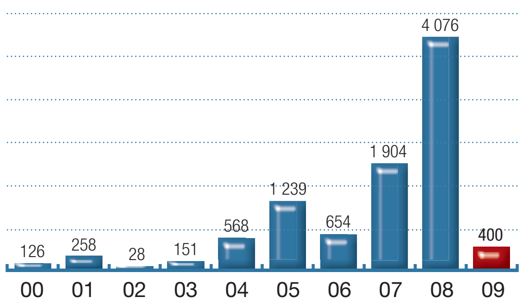
SHAREHOLDERS' FUNDS (Rm)



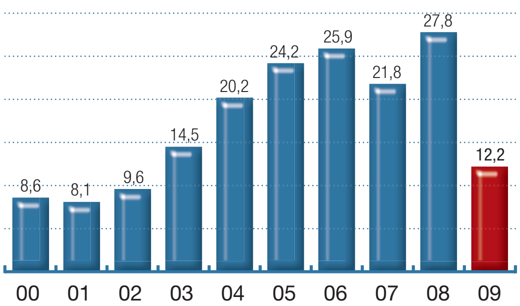
TOTAL ASSETS (Rm)



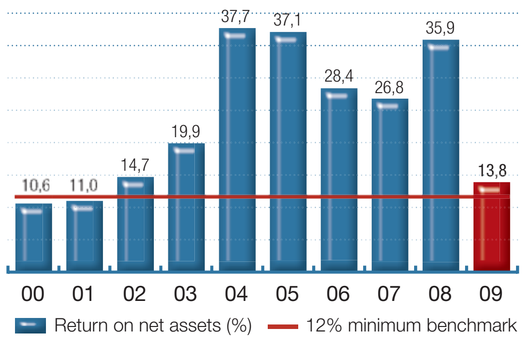
CASH AVAILABLE FROM OPERATIONS (Rm)



OPERATING MARGIN (%) (excluding Trading)



RETURN ON NET ASSETS (%)



Group financial review (continued)

	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm
STATEMENT OF FINANCIAL POSITION										
Ships, property, terminals, vehicles and equipment	3 923	4 541	3 047	2 337	2 069	1 536	961	1 093	1 047	1 076
Intangible assets	831	713	521	351	251	50	37	16	15	10
Investments	367	367	307	337	178	201	265	310	271	173
Loans and advances to bank customers	1 483	1 050	966	506	–	–	–	–	–	–
Liquid assets and short-term negotiables	104	139	229	174	–	–	–	–	–	–
Financial assets	102	141	92	21	1	–	50	–	–	–
Recoverables on cancelled ships	239	–	–	–	–	–	–	–	–	–
Deferred taxation	159	159	138	70	69	37	7	–	–	–
Current assets	5 423	6 874	4 628	3 474	2 410	822	773	485	576	344
Total assets	12 631	13 984	9 928	7 270	4 978	2 645	2 094	1 904	1 909	1 603
Share capital, premium and equity reserve	49	13	199	515	498	8	84	81	120	174
Reserves and accumulated profit	5 689	6 700	3 179	2 310	1 439	826	525	440	600	361
Shareholders' funds	5 738	6 713	3 378	2 825	1 937	834	609	521	720	535
Minority interest	98	62	61	(2)	7	8	7	3	2	–
Total equity	5 836	6 775	3 439	2 823	1 944	842	616	524	722	535
Deferred taxation	22	19	33	24	20	4	2	12	–	20
Interest-bearing loans	2 246	1 964	2 306	1 829	1 534	974	856	959	684	778
Financial liabilities	181	37	49	12	83	50	76	–	–	–
Other liabilities	4 346	5 189	4 101	2 582	1 397	775	543	409	503	270
Total funding	12 631	13 984	9 928	7 270	4 978	2 645	2 094	1 904	1 909	1 603
Net current assets/(liabilities)	1 691	2 491	679	453	301	(211)	9	(265)	(70)	(112)

	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm	2003 Rm	2002 Rm	2001 Rm	2000 Rm
GROUP INCOME STATEMENT										
Revenue	27 692	33 737	17 947	12 507	7 449	2 974	1 927	2 139	1 762	1 449
Trading profit	1 435	3 026	1 583	1 279	1 047	678	335	268	206	212
Depreciation	(292)	(241)	(218)	(154)	(122)	(76)	(55)	(62)	(65)	(89)
Operating profit before net interest and taxation	1 143	2 785	1 365	1 125	925	602	280	206	141	123
Non-trading items	14	(164)	4	(39)	3	2	–	(3)	(2)	3
Net interest paid	(91)	(175)	(131)	(71)	(87)	(62)	(67)	(37)	(41)	(62)
Profit before share of associates' profit	1 066	2 446	1 238	1 015	841	542	213	166	98	64
Share of associate companies' profit before taxation	76	66	63	128	89	53	32	19	16	10
Profit before taxation	1 142	2 512	1 301	1 143	930	595	245	185	114	74
Taxation	(188)	(243)	(17)	(76)	(65)	(48)	(5)	(19)	13	–
Profit after taxation	954	2 269	1 285	1 067	865	547	240	166	127	74
Minority interest	(12)	(20)	(13)	5	1	(1)	–	(1)	–	–
Profit for the year before preference dividends	942	2 249	1 272	1 072	866	546	240	165	127	74
Preference dividends	(69)	(91)	(77)	(64)	(15)	–	–	–	–	–
Profit attributable to ordinary shareholders	873	2 158	1 195	1 008	851	546	240	165	127	74
Ordinary shareholders' interest in non-trading items	(16)	164	(4)	(2)	(2)	1	–	3	2	–
Headline earnings	857	2 321	1 191	1 006	849	547	240	168	129	74
GROUP CASH FLOW										
Cash available from operations	400	4 076	1 904	654	1 239	568	151	28	258	126
Dividends/distribution paid	(461)	(604)	(331)	(104)	(201)	(61)	(30)	(28)	(25)	(6)
Cash retained from operations	(61)	3 472	1 573	550	1 038	507	121	–	233	120
Proceeds on disposal of ships, property, terminals, vehicles and equipment, investments and other items	51	341	73	669	16	121	481	77	287	38
Cash available for investment	(10)	3 813	1 646	1 219	1 054	628	602	77	520	158
Cash invested	(587)	(2 175)	(1 828)	(1 084)	(1 704)	(581)	(348)	(237)	(93)	(62)
Net finance (raised)/repaid	(597)	1 638	(182)	135	(650)	47	254	(160)	427	96

Group financial review (continued)

	Objectives	2009	2008	2007	2006	2005	2004
ORDINARY SHARE PERFORMANCE							
Number of ordinary shares in issue net of treasury shares (000's)		454 203	450 252	455 459	449 179	461 626	454 610
Weighted average number of ordinary shares on which earnings per share are based (000's)		452 278	453 640	452 934	455 719	458 490	450 220
Earnings per share (cents)		193	475,7	263,9	221,2	185,7	121,3
Headline earnings per share (cents)		189,6	511,7	263,1	220,8	185,3	121,4
Price/earnings ratio (times)		9,2	3,2	8,9	11,7	7,0	6,5
EV/EBITDA (times)		5,6	2,9	3,6	3,6	3,3	2,7
Dividend/distribution per share (cents)		60	136	78	66	52	35
Dividend/distribution cover (times)		3,2	3,5	3,4	3,4	3,5	3,4
Dividend yield (%)		3,4	8,9	3,3	2,6	4,0	4,4
EBITDA per share (cents)		317,3	665,4	349,7	280,7	228,4	150,6
EBITDA dividend/distribution cover (times)		5,3	4,9	4,5	4,3	4,4	4,3
Net worth per share at book value (cents)		1 122	1 340	590	461	314	183
PROFITABILITY							
Operating margin (%)		4,1	8,3	8,0	9,0	12,4	20,2
Operating margin excluding bulk product trading (%)		12,2	27,8	21,8	25,9	24,2	20,2
Return on net assets (%)	12 minimum	13,8	35,9	26,8	28,4	37,1	37,7
Return on ordinary shareholders' funds (%)	15 minimum	15,9	50,2	50,8	57,2	74,6	75,7
Effective rate of taxation (%)		16,5	9,7	1,2	6,6	7,0	8,1
LEVERAGE AND LIQUIDITY							
Total liabilities to total shareholders' interests (%)		75,8	73,3	152	115,7	130,2	156,3
Net interest-bearing debt to total shareholders' interests (%)	75 maximum	4,4	(4,8)	28,5	19,7	33,0	53,3
Net debt to EBITDA (times)	3 maximum	0,2	(0,1)	0,6	0,4	0,6	0,7
Debt service cover ratio		3,2	2,7	5,2	11,0	3,7	2,6
Interest cover (times)	3 minimum	12,7	14,9	10,5	15,9	10,7	9,7
Current ratio	1 minimum	1,5	1,6	1,2	1,2	1,3	0,9
EMPLOYEES							
Number of employees – subsidiaries		3 829	3 999	3 955	3 695	2 322	1 516
– joint ventures		648	651	1 375	1 448	2 248	1 180
Profit per employee (R000)		210	499	257	229	247	259
Assets per employee (R000)		3 041	3 233	2 138	1 645	1 445	1 255

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

2003	2002	2001	2000	
480 685	472 483	496 645	570 845	
477 710	480 862	527 675	570 400	
50,2	34,4	24,1	13,0	Profit attributable to ordinary shareholders divided by weighted average number of shares in issue during the year under review.
50,2	35,0	24,5	13,1	Headline earnings divided by weighted average number of shares in issue during the year under review.
4,7	4,1	4,2	4,7	Share price at end of year under review divided by earnings per share.
4,3	5,5	6,9	6,4	Total equity plus interest-bearing debt divided by earnings before interest, taxation, depreciation and amortisation (EBITDA).
12	8	5,6	4	Total ordinary dividend/distribution declared relating to the year under review.
4,2	4,2	4,1	3,3	Earnings per share divided by dividend/distribution per share.
5,0	5,7	5,5	6,6	Dividend per share divided by the share price at the end of the year under review (expressed as a percentage).
72,0	55,8	38,9	36,1	EBITDA divided by the weighted average number of shares on which earnings per share are based.
6,0	7,1	6,6	36,1	EBITDA per share divided by total ordinary dividend/distribution declared relating to the year under review.
127	110	145	94	Total equity less preference share equity divided by the total number of ordinary shares in issue net of treasury shares.
14,5	9,6	8,1	8,6	Operating profit before interest and taxation, expressed as a percentage of revenue.
14,5	9,6	8,1	8,6	Operating profit before interest and taxation, excluding Trading, expressed as a percentage of revenue excluding Trading revenue.
19,9	14,7	11,0	10,6	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.
42,4	26,7	20,2	16,1	Profit attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' funds.
1,8	10,4	(11,2)	0,2	
125,6	184,5	98,8	155,9	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, bank 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.
61,0	106,6	29,2	105,5	Interest-bearing loans, including Bank customer deposits after netting off bank balances, cash on deposit included in financial assets, bank 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.
1,1	2,1	1,0	2,7	Interest-bearing loans divided by EBITDA.
1,7	2,7	0,5	0,9	Free cash flow divided by short-term and long-term debt repayments and interest paid.
4,2	5,6	3,4	2,0	Operating profit before interest and taxation, including non-trading items divided by net interest paid.
1,0	0,6	1,0	0,9	Current assets divided by current liabilities excluding current portion of long-term borrowings.
1 139	965	822	1 113	
889	835	850	397	
150	120	102	56	Total revenue divided by the number of employees, including 50% of the joint venture employees.
1 321	1 377	1 531	1 222	Total assets divided by the number of employees, including 50% of the joint venture employees.

Divisional reviews - Shipping

BUSINESS OVERVIEW

The division operates in three distinct segments as follows:

- Tankers (owned and long-term chartered)
  - Mid-range
  - Chemical
  - Small
- Drybulk (owned and long-term chartered)
  - Handysize
  - Panamax
  - Capesize
- Ship operating activities
  - Parcel Service/ Handymax
  - Tankers
  - Bunker tankers

2009 KEY FEATURES

- average earnings per day outperformed average spot market rates;
- substantially lower ship sale profits in 2009 of US$31 million (2008: US$62 million);
- foreign exchange loss in 2009 of US$5 million versus US$16 million profit in the prior year;
- took delivery of three ships and sold six ships during the year (2008: sold five ships);
- further reduced fleet through cancellations; and
- increased contract cover.

FINANCIAL OVERVIEW

Shipping accounted for 56% of the group's earnings for 2009.

Income statement	2009 Rm	2008 Rm	Growth %	Comments
Revenue	4 918	7 069	(30)	Lower shipping rates/ stronger Rand
EBITDA	774	2 388	(68)	
Depreciation and amortisation	(127)	(95)	(34)	
Operating income	647	2 292	(72)	
Attributable income	492	1 862	(74)	

Statement of financial position	2009 Rm	2008 Rm
Fixed assets/investments	2 785	3 058
Current assets	1 936	2 886
Net cash including debt	192	239
Total assets	4 913	6 183
Equity	2 903	3 842
Other liabilities	2 010	2 341
Total equity and liabilities	4 913	6 183

Key financial ratios		2009	2008
Operating margin	(%)	13	32
Debt/equity		(0,07):1	(0,06):1
Return on ordinary shareholders' equity	(%)	17	48
Return on net assets	(%)	16	43
Number of employees		399	375

Average number of ships operated	2009	2008
Owned	8	12
Long-term charter	27	25
Short-term charter	15	12

In addition to the above short-term charters, Island View Shipping operated an average of ten ships (2008: eight) on behalf of Atlas Trading and Shipping.

For the detailed statutory income statement, see the segmental analysis on page 128.

Divisional reviews - Shipping (continued)

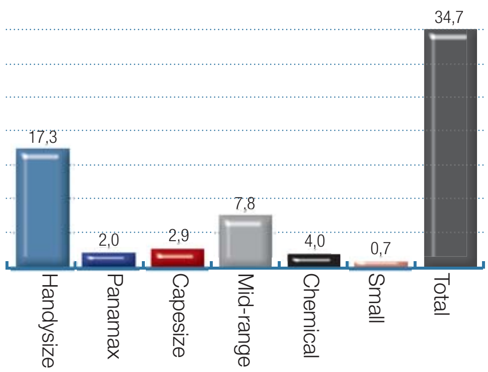
FINANCIAL OVERVIEW (continued)

An analysis of the divisional results are as follows:

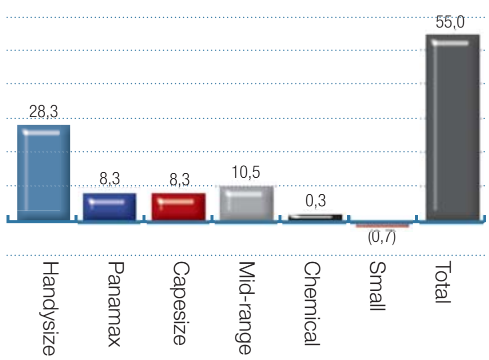
Profit from owned and long-term chartered ships	Bulk carriers Handysize	Panamax	Capesize	Tankers Mid-range	Chemical	Small	2009 Total	2008 Total	Growth %
Average number of owned/long-term chartered ships	17,3	2,0	2,9	7,8	4,0	0,7	34,7	36,7	(5)
Average daily revenue (US$)	13 000	20 800	26 900	18 300	14 800	8 200	15 900	28 600	(44)[1]
Average daily cost (US$)[2]	8 500	9 400	18 900	14 600	14 600	10 400	11 500	11 700	2
Profit (US$ million)	28,3	8,3	8,3	10,5	0,3	(0,7)	55	226	(76)
(US$ million)									
Profit from ship operating activities							31	39	(21)
Profit from ship sales							31	62	(50)
Shipbuilding costs							(7)	–	
Overheads/other expenses							(28)	(35)	20
Foreign exchange (loss)/profit							(5)	16	(131)
Funding costs/preference dividends/taxation							(17)	(44)	61
Impairments/onerous contract provisions							–	(42)	100
							60	222	(72)

(1) Average earnings declined by 44%, versus in excess of 60% decline in the market.
(2) Included in daily costs is an interest charge of US$2 million (2008: US$1 million).

AVERAGE NUMBER OF OWNED/
LONG-TERM CHARTERED VESSELS



PROFIT (US$ million)



Shipping earnings declined by 74% from R1 862 million to R492 million on the back of the decline in shipping rates, triggered by the lack of credit to support international trade and the slowdown in major economies and lower profits from ship sales. The division was further impacted by foreign exchange losses due to a strong closing Rand/US Dollar exchange rate compared to a large gain in the prior year. The group has implemented measures to reduce its exposure to shipping market volatility.

The contract cover and efficient ship operations during one of the most significant collapses in shipping markets ensured the division's earnings outperformed market rates. However, margins were eroded through the lower earnings levels against a relatively fixed-cost base.

After a very poor first quarter, drybulk markets performed better than initially anticipated due to strong Chinese commodity demand, combined with the delivery of only approximately 60% of the 2009 newbuilding order book.

Average spot rates in the markets in which the group operates were in excess of 60% lower than the prior year. Current spot, one and three-year time charter rates at the date of drafting this report and a comparison of average spot rates, are 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 2009 (US$ per day)	Average spot rates 2008 (US$ per day)
Handysize bulk carrier	17 613	15 000	12 500	11 342	29 282
Panamax bulk carrier	29 417	26 500	19 500	19 295	49 014
Capesize bulk carrier	40 307	40 000	31 000	42 656	106 025
Mid-range products tanker	11 216	13 000	13 500*	7 697	3 325
Small products tanker	Not available	9 250	9 250*	11 500	14 000

* *Three-year time charter rates based on management assessments. Meaningful rates for chemical tankers are not available.*

The division took the opportunity to reduce its exposure and decreased the number of ships operated during the year when compared to the previous year.

The division was further impacted by shipyard delays and non-performance issues. The associated costs of US$7 million are disclosed on page 30.

Provisions for onerous contracts on the drybulk shipping business reduced from US$28,3 million at the end of 2008 to US$14,3 million at 31 December 2009, but there were no significant adjustments to impairments.

Ship operating activities, which are not reliant on long-term fixed-cost time charters or owned ships, performed well during the year. The revenue of these businesses is generally linked to their costs, thereby ensuring reasonable margins notwithstanding the level of the market. Volumes were, however, lower than the prior year due mainly to very low volumes in the first quarter.

Divisional reviews - Shipping (continued)

OPERATIONAL OVERVIEW

The Shipping division is made up of two key brands:

- Unicorn Shipping owns, charters and operates products tankers and chemical tankers; and
- Island View Shipping owns, charters and operates drybulk ships.

The operating segments can be described as follows:

- Tankers – long-term shipowning, chartering and operating of mid-range, small and chemical tankers;
- Drybulk – long-term shipowning, chartering and operating of handysize, panamax and capesize bulk carriers; and
- Ship operating activities – shorter-term operations, including tankers, bunker tankers, the Parcel Service and the Handymax/Islands Service.

TANKERS

	2009 Rm	2008 Rm	Growth %
Revenue	1 187	1 902	(38)
EBITDA	196	699	(72)
Depreciation and amortisation	(84)	(61)	(38)
Operating income	113	637	(82)
Attributable income	5	517	(99)
Net debt including cash	(231)	(61)	(279)

TANKER CONTRIBUTION TO SHIPPING EBITDA

The above figures and graphs include the Tankers segment's portion of ship operating activities.

Unicorn Shipping operates products tankers and chemical tankers from its offices in the United Kingdom and South Africa. The United Kingdom office houses its commercial operations whilst the South African office focuses on the marine and technical aspects of the fleet.

The division's customer base consists of oil majors, blue-chip international chemical majors and large international operators. Accordingly, through well priced contracts, the fleet has a high percentage of secure earnings for 2010.

The division mainly time charters out its fleet of modern products and chemical tankers. It does, however, also employs some of its ships via joint services or pools. Its four chemical tankers are deployed through the Stolt Tankers Pool Inc.

The following ship transactions took place during the year:

- delivery of a small products tanker (*Breede*);
- a products tanker (*Wildebeest*) was delivered, sold and chartered back for a two-year period;
- an ageing products tanker (*Rainbow*) in a 50/50 joint venture was sold and bareboat chartered back for a six-month period;
- a 50% share in a long-term charter of a products tanker (*Eland*) was terminated early when the owner exercised its right to sell. Unicorn shared in a portion of the profits on sale in terms of the charter agreement;
- the remaining handysize drybulk carrier (*Kuiseb*), owned by Unicorn, was sold;
- a long-term charter of a chemical tanker (*Stolt Griqua*), scheduled for delivery in 2012, was cancelled on request of the owner and against a settlement payment to Unicorn; and
- two newbuilding products tankers (*Sable* and *Umzimvubu*) were cancelled due to yard non-performance.

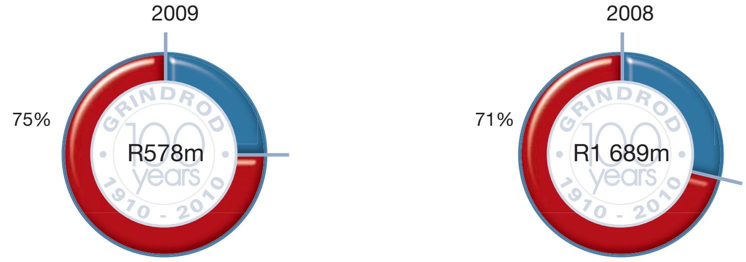
Subsequent to year-end, a 47 350 dwt long-term chartered products tanker (*Leopard*) was delivered and orders for three 16 500 dwt products tankers (*Umvoti, Umgeni* and *Gamtoos*) were cancelled. Management are, however, in discussions with the shipyard on the possible renegotiation of the cancelled contracts.

A further four small 16 500 dwt products tankers (*Kowie, Kei, Gouritz* and *Zwartskops*) are scheduled for delivery over the next two years.

DRYBULK

	2009 Rm	2008 Rm	Growth %
Revenue	3 731	5 167	(28)
EBITDA	578	1 689	(66)
Depreciation and amortisation	(43)	(34)	(26)
Operating income	534	1 655	(68)
Attributable income	540	1 411	(62)
Net cash including debt	423	301	

DRYBULK CONTRIBUTION TO SHIPPING EBITDA



The above figures and graphs include the Drybulk segment's portion of ship operating activities.

The Island View Shipping (IVS) division has as its core competency the shipping of drybulk cargoes worldwide. IVS is based in Singapore and has numerous offices worldwide including Canada, Dubai, Denmark, Japan, the Netherlands and South Africa.

Divisional reviews - Shipping (continued)

It focuses mainly on handysize, panamax and capesize bulk carriers. The division operates the vessels commercially and moved approximately 10,5 million tonnes of cargo in 2009 (2008: approximately 14 million tonnes). It enters into freighting contracts with blue chip shippers and counterparties.

Most of the fleet is chartered in with charter periods varying from short-term voyage-based charters (30 to 45 days) to longer-term charters of up to seven years. The longer-term charters often have the right to acquire the vessels at predetermined prices.

The handysize fleet is deployed into the market via a freighting agreement with partners J Lauritzen of Denmark.

The Cape and Panamax business performed well on the back of strong demand for large bulk ships. It continued to secure long-term freighting business to be carried by already contracted time chartered vessels. Two panamax ships are chartered out for an average of four years, providing locked-in margins and certainty of earnings in this sector.

The following ship transactions took place during the year:

- exercised five purchase options (*IVS Hunter, IVS Swift, IVS Nightjar, IVS Nightingale* and *Rosella* (50%)), on its long-term chartered handysize bulk carriers, one of which was in a joint venture company;
- four of these ships (*IVS Hunter, IVS Swift, IVS Nightingale* and *Rosella* (50%)) were on-sold to third parties;
- a further handysize bulk carrier (*IVS Kenso*) was sold; and
- a supramax bulk carrier (*Lepta Galaxy*) was chartered in for a two-year period commencing early in 2009.

Subsequent to the year-end, the division exercised its purchase option on the *IVS Kanda* and acquired the ship.

Four handysize bulk carriers (*IVS Knot, IVS Kingslet, IVS Sentosa* and *IVS Orchid*), two Imabari handysize bulk carriers in a joint venture and a long-term chartered supramax bulk carrier, are scheduled for delivery over the next three years.

SHIP OPERATING ACTIVITIES

	2009 Rm	2008 Rm	Growth %	Comments
Revenue	1 185	1 841	(36)	Lower volumes/shipping rates
Gross profit	258	327	(21)	Lower volumes/shipping rates
Gross margin (%)	21	18	(17)	Lower shipping rates

The above figures are included in the Tankers segment on page 32 and the Drybulk segment on page 33.

Ship operating activities consists primarily of Unicorn Calulo products tankers, Unicorn Calulo bunker tankers, the Parcel Service and the Handymax/Islands Services.

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 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 in 2010 for deployment in Durban. This tanker was built in Durban.

The Parcel Service employs an average of eight vessels per month on routes from southern Africa to the North West Continent, Asia, the Mediterranean, the United Kingdom and the United States of America. The service carries a wide variety of bulk cargoes including ferrochrome, chrome ore, alloys, mineral sands, concentrates, grains, vermiculite and fluorspar. Key in this service is the ability of the division to segregate individual holds (i.e. parcelling). In addition, the division supplies a shipping service to the group's trading division.

The revenues and costs of the Parcel Service contracts of affreightment are predominantly market linked which reduces volatility of margins.

The Handymax/Islands Service provides bulk shipping services from Europe, South America and Australasia into South Africa and the Indian Ocean Islands.

FLEET OVERVIEW

OWNED AND LONG-TERM CHARTERED SHIPS

Contracted in at 31 December 2009		Bulk carriers			Tankers			
		Handysize	Panamax	Capesize	Mid-range	Chemical	Small	Total
2010	Number (average)	15,1	2,0	3,0	8,1	4,0	3,0	35,2
	Cost (US$/day)	9 200	9 400	21 000	15 300	14 700	10 400	12 400
2011	Number (average)	16,9	2,0	3,5	5,2	4,0	6,2	37,8
	Cost (US$/day)	9 400	9 400	26 200	13 700	14 700	10 800	12 400
2012	Number (average)	18,1	2,0	3,0	4,0	4,0	8,5	39,4
	Cost (US$/day)	9 800	9 400	27 800	13 000	14 700	11 000	12 200
2013	Number (average)	18,5	2,0	3,0	4,0	4,0	8,5	40,0
	Cost (US$/day)	9 900	9 500	28 100	13 200	14 800	11 100	12 300
Current fleet		15,0	2,0	3,0	8,0	4,0	1.5	33,5*
Net number of ships to deliver								
2010		1,0	–	–	(1,0)	–	3,0	3,0
2011		2,0	–	–	(3,0)	–	4,0	3,0
2012		0,5	–	–	–	–	–	0,5
2013		–	–	–	–	–	–	–
Fleet at end of 2013		18,5	2,0	3,0	4,0***	4,0	8,5	40,0**

* *Owned fleet 7,5; chartered fleet 26,0.*

** *Owned fleet 23,5; chartered fleet 16,5.*

*** *Three newbuilding orders cancelled, subsequent to year-end, are included in this figure. Management are, however, in discussion with the shipyard on the possible renegotiation of these contracts. As a result the three ships are included in the above figure.*

The group has reduced its committed fleet from the 51 reported a year ago to the current 40 with the option to redeliver to owners nine of these chartered ships by the end of 2012, should this be warranted by market conditions.

Market value adjustments to fleet book value	Rm	Comments
Excess of market value of owned fleet and charters with purchase options over book value	241	Indicative ship values obtained in consultation with reputable ship brokers. Book value of charters = PV @ 6,5% of capital element (i.e. excluding running costs) of charter commitments and purchase option price. Yen options valued at closing rate.
Market value of other long-term charters and contracts	558	Differential between market rates and Grindrod charter/contract rates. PV @ 6,5%.
	799	

Divisional reviews - Shipping (continued)

Assumptions used in the market value adjustment calculation above are set out below. In some cases these are below book or contracted values, however, further impairments have not been required as value-in-use calculations justify the carrying values:

		Average ship market value US$000	Average market long-term charter rates US$ per day
Bulk carriers	– handysize	23 864	12 750
	– panamax	37 500	17 128
	– capesize	66 500	31 031
Tankers	– mid–range	22 500	12 996
	– chemical	33 250	20 000
	– small	18 441	9 750

CONTRACT COVER AND CONTRACTED PROFITS

Contracted out at 31 December 2009		Bulk carriers			Tankers			
		Handysize	Panamax	Capesize	Mid-range	Chemical	Small	Total
2010	Number (average)	11,8	2,0	2,5	7,1	2,0	1,5	26,9
	Revenue (US$/day)	10 800	22 600	35 100	19 300	17 000	10 400	16 600
2011	Number (average)	3,0	2,0	2,3	1,7	1,5	1,1	11,6
	Revenue (US$/day)	11 800	24 000	42 100	19 600	17 600	10 600	21 700
2012	Number (average)	1,8	2,0	2,0	–	–	–	5,8
	Revenue (US$/day)	12 900	24 000	44 500	–	–	–	27 700
2013	Number (average)	0,5	1,4	1,0	–	–	–	2,9
	Revenue (US$/day)	20 000	25 200	52 300	–	–	–	33 600

Contract profits	Percentage of fleet fixed (%)	Charters (US$m)
2010	76	43
2011	34	30
2012	17	24
2013	8	15

Notes:
1. *In addition, ±6% of the fleet is fixed for 2014/2015.*
2. *Variable volume contracts have been included at forecast volumes.*
3. *There are no contracted ship sales for the period 2010 to 2013.*

FLEET SUMMARY

Vessel name	Owned	Chartered-in	Age of vessel	Option to purchase	Charter expiry date	Charter extension expiry date
HANDYSIZE BULK CARRIERS						
Durban Bulker (50%)	✓		5			
IVS Kanda		✓	6	✓	2011	2014
IVS Kawana		✓	5	✓	2012	2015
IVS Kestral		✓	8	✓	2010	2012
IVS Kingbird		✓	3	✓	2014	2017
IVS Kite		✓	8	✓	2010	2012
IVS Kittiwake		✓	3	✓	2014	2017
IVS Kwaito		✓	6	✓	2011	2014
IVS Kwela		✓	8	✓	2010	2012
IVS Lavender		✓	6		2007	2010
IVS Nightjar	✓		6			
IVS Shikra		✓	2	✓	2018	2021
JA Aladdin Rainbow (50%)		✓	11		2011	
Lake Triview (50%)	✓		1			
Lauretta (50%)		✓	6	✓	2011	2014
Bumbi (50%)		✓	6	✓	2011	2014
Paola (50%)		✓	6	✓	2011	2014
Lepta Galaxy (Supramax bulk carrier)		✓	8		2011	
PANAMAX BULK CARRIERS						
IVS Pinotage		✓	5	✓	2012	
IVS Merlot		✓	5	✓	2012	
CAPESIZE BULK CARRIERS						
Anangel Innovation		✓	6		2014	
IVS Cabernet		✓	3	✓	2017	
Mineral Belgium		✓	5		2011	
MID-RANGE PRODUCTS TANKERS						
Hambisa		✓	13	✓		2011
Helix	✓		13		2011	
Inyala	✓		2			
Kudu (50%)		✓	6	✓		2010
Oliphant	✓		6			
Rainbow (50%)	✓		14			
Southern Unity		✓	6			2010
Torea	✓		6			
Wildebeest		✓	1		2011	2012
CHEMICAL TANKERS						
Stolt Basuto		✓	4	✓	2016	2022
Stolt Pondo		✓	3	✓	2017	2022
Stolt Swazi		✓	3	✓	2015	2021
Stolt Zulu		✓	4	✓	2016	2022
SMALL PRODUCTS TANKERS						
Berg (50%)	✓		2			
Breede	✓		1			

Total owned fleet	7,5	
Total chartered in	26,0	
Total fleet	33,5	
Total number of purchase options on chartered fleet	19,0	(eight vessels can be returned by 2012)
Handysize bulk carriers	15,0	
Panamax bulk carriers	2,0	
Capesize bulk carriers	3,0	
Mid-range products tankers	8,0	
Chemical tankers	4,0	
Small products tankers	1,5	
Total fleet	33,5	

Divisional reviews - Trading

BUSINESS OVERVIEW

The division operates three distinct segments as follows:

Agricultural commodities	Mineral commodities	Marine bunkers
Maize	Ferro alloys	Marine fuel oil
Wheat	Coal and metallurgical coke	Diesel oil
Soya bean meal	Ores	
Soya beans	Iron and steel product	
Rice	Stainless steel	

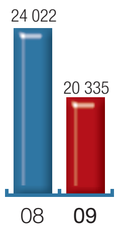
2009 KEY FEATURES

- developed a presence in Singapore to service increasing Asian market;
- gross revenue declined by 15% due to generally softer commodity prices;
- volumes were up 7,7% to 7,09 million tonnes from 6,59 million tonnes in 2008, mainly through strong performances by the marine fuel and agricultural businesses;
- operating margins improved while the average operating margin per tonne was maintained at approximately US$4 per tonne; and
- significant interest cost saving.

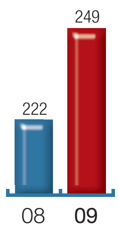
FINANCIAL OVERVIEW

The division's earnings growth was not impacted on by the acquisition of the remaining 50% interests in the marine fuel and industrial raw materials businesses during 2008.

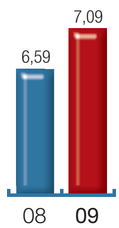
DIVISIONAL REVENUE (Rm)



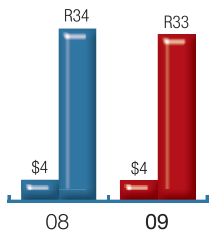
OPERATING PROFIT BEFORE INTEREST AND TAX (Rm)



VOLUMES TRADED (MMT)



OPERATING PROFIT PER MT TRADED



Income statement	2009 Rm	2008 Rm	Growth %	Comments
Revenue	20 335	24 022	(15)	Generally softer commodity prices
EBITDA	256	230	11	Increased volume
Operating income	249	222	12	Increased volume
Attributable income	181	132	37	Increased volume and reduced funding cost

Statement of financial position	2009	2008
Fixed assets/investments	446	282
Current assets	2 089	2 839
Total assets	**2 535**	**3 121**
Equity	683	824
Other liabilities	1 465	2 150
Net debt including cash	387	147
Total equity and liabilities	**2 535**	**3 121**

Key financial ratios		2009	2008
Margin	(%)	1,22	0,92
Debt/equity		0,57:1	0,18:1
Return on ordinary shareholders' equity	(%)	24	21
Return on net assets	(%)	23	23
Number of employees		156	160

Divisional reviews - Trading (continued)

OPERATIONAL OVERVIEW

AGRICULTURAL COMMODITIES

Atlas Trading and Shipping (Atlas) is a focused agricultural commodity trading business offering an enhanced end-to-end solution to customers. Atlas has offices in Singapore, South Africa, Ecuador and Peru.

Atlas specialises in the procurement and selling of a broad range of agricultural commodities such as wheat, maize, rice, soya beans and meal, as well as the physical handling of the commodities from source to destination.

All agricultural commodity markets were characterised by continued volatility. Whilst supply and demand still drives market movements, these are exacerbated by hedge fund activity. This has created opportunities for Atlas to improve its offering to customers by strengthening key customer and supplier relationships and simultaneously enhancing margins through innovative distribution channel management with resultant efficiencies.

The establishment of a trading hub in Singapore has created a platform for the division to benefit from exposure to the Asian markets. Liquidity issues arising from the credit crisis in 2008 have eased, but counterparty risk remains a key focus.

The focus for 2010 will remain on sourcing and investment in strategic origination projects and expanding the offering of products across the division. Representation in new markets, particularly in South America, Asia and in the rest of Africa, have commenced.

Sound management of counterparty exposure and market risk remain an imperative.

Plans for 2010 should result in further improvements. Growth will come from focusing on the core strengths of the business, encompassing regional exposure and expertise, strategic alliances, new products and expansion into new markets.

MINERAL COMMODITIES

Oreport is an international marketing organisation specialising in the worldwide procurement, movement and distribution of industrial raw materials.

Oreport has successfully grown its business through close relationships with long-term suppliers and its international network of customers and agents. The strategy of securing strategic alliances combined with investment in origination and processing assets remains a key objective. The establishment of the Asian trading hub is expected to enhance trading opportunities in new products and markets.

Steel production fell early in the year and then recovered, particularly in China where production ended the year 12% higher than 2008. The same pattern was evident in stainless steel where Chinese production increased by over 27% in 2009 on the back of strong demand. Oreport's involvement in steel and stainless steel is changing from that of pure trading, where opportunities are declining, to that of a distributor with stakes being taken in warehousing and processing companies which will develop both opportunities and margins.

China showed increased demand for manganese and chrome alloy markets despite the reduction in global demand. Prices of manganese alloys increased during the year although chrome only improved about 10%. Coal prices were subdued for most of the year and opportunities were limited. Oreport was severely affected by supplier cutbacks due to the strong Rand. However, recent improvements in commodity prices have led to additional opportunities to expand its business.

The ongoing demand for raw materials in China offers Oreport the opportunity to refocus given the relatively poor conditions in other parts of the world. Supplier support coupled with strong market contacts allow for continued profitability and growth. To support this, Oreport has opened an office in Singapore with plans to expand this footprint to other developing markets which is expected to enhance trading opportunities.

MARINE BUNKERS

COCKETT MARINE OIL

Cockett supplies marine fuel oil and diesel oil on a global basis through its international network with offices in Brazil, China, France, Hong Kong, Singapore, South Africa, South Korea and the United Kingdom.

Market conditions remain challenging with some key market players suffering the ill effects of counterparty exposure. Despite this, Cockett performed exceptionally well through focused efforts on physical supply, penetration into new markets, volume growth and sound counterparty risk management.

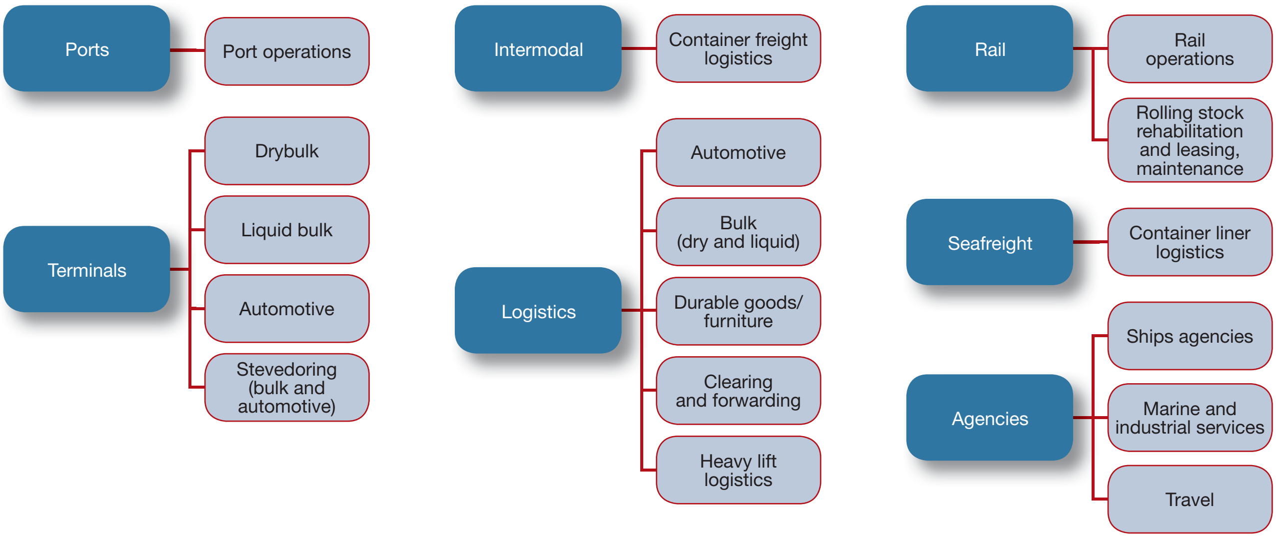
Cockett continues to identify and develop niche trading opportunities that are expected to increase volumes through new market and physical supply programmes.

Divisional reviews - Freight Services

BUSINESS OVERVIEW

Freight Services comprises the group's investments in ports, terminals, integrated land-based logistics and regional container feeder shipping operations with services spanning the full spectrum of the land-based logistics chain including Agencies Services. Operations are predominately focused on the transportation, storage and handling of dry and liquid bulk commodities, containers and automobiles.

The division operates seven segments as follows:



2009 KEY FEATURES

- accounted for 24% of the group's earnings in 2009, up from 9% in 2008;
- challenging market conditions with a contraction in cargo volumes across most businesses;
- additional terminal capacity starting to contribute significant profits;
- level 3 BEE contributor status achieved for the majority of South African operations on conclusion of empowerment transaction; and
- new investment into the rail sector.

FINANCIAL OVERVIEW

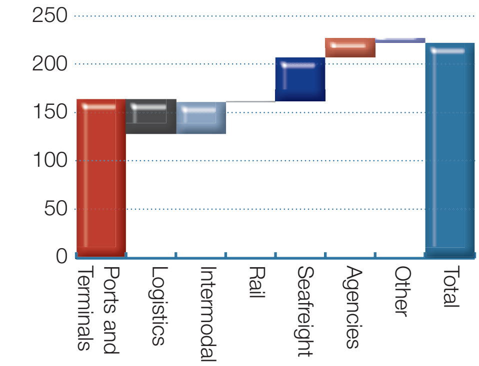
Income statement	2009 Rm	2008 Rm	Growth %	Comments
Revenue	2 302	2 552	(10)	Growth in earnings in Ports and Terminals, difficult economic conditions resulted in a decline in revenues and operating income.
EBITDA	387	378	2	
Operating income	234	243	(4)	
Attributable income	222	189	17	Decline in interest rates and deferred tax assets raised in loss making entities.

For the detailed statutory income statement, see the segmental analysis on page 128.

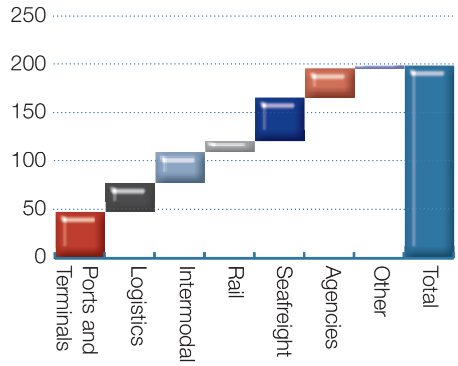
Statement of financial position	2009 Rm	2008 Rm
Fixed assets/investments	2 067	2 033
Current assets	867	871
Total assets	2 934	2 904
Equity	1 918	1 549
Net debt including cash	159	65
Other liabilities	857	1 290
Total equity and liabilities	2 934	2 904

Key financial ratios		2009	2008
Margin	(%)	10,2	9,5
Debt/equity ratio		0,08:1	0,04:1
Return on ordinary shareholders' equity	(%)	13	18
Return on net assets	(%)	11	12
Number of employees		3 127	3 399
Average number of ships operated on charter		7	7

2009 ATTRIBUTABLE INCOME BY DIVISION (Rm)



2008 ATTRIBUTABLE INCOME BY DIVISION (Rm)



Freight Services reported a 17% growth in attributable income to R222 million in 2009, with the improvement in profitability driven by increased profitability from the Ports and Terminals operations which benefited from the recent investment into the expansion of terminal capacities. This improvement in profitability was achieved in spite of the difficult economic conditions which led to a decline in revenues of 10% and operating income of 4%. The Logistics operations in particular came under pressure with losses being reported for the year. The Intermodal and Seafreight operations, although affected by the weak market, traded largely in line with 2008.

Divisional reviews – Freight Services (continued)

FINANCIAL OVERVIEW (continued)

CAPITAL EXPENDITURE AND COMMITMENTS

A summary of 2009 capital expenditure and future capital expenditure commitments is set out below:

	Capital expenditure 2009 Rm	2010 Rm	2011 Rm	Total commitments Rm
Ports and Terminals	226	287	–	287
Intermodal	17	161	62	223
Logistics	62	164	6	170
Rail	36	–	–	–
Agencies	7	–	–	–
Total	345	612	68	680

Capital expenditure amounted to R345 million for the year (2008: R513 million) and related primarily to the expansion of drybulk terminal capacities in Richards Bay and Maputo, expansion of automotive storage facilities in Rosslyn, Pretoria and the re-entry into the rail sector through the establishment of RRL Grindrod (Pty) Limited and the acquisition of a locomotive maintenance and refurbishment operation.

The division continues to pursue growth activities, through the expansion of existing operations, or through the acquisition of strategic operations, whilst seeking entry into new markets either directly or via strategic partnerships. To this end, capital expenditure of R680 million has been authorised, of which R612 million is planned to be spent in 2010 with the balance in 2011. R645 million of the capital expenditure has been contracted for.

The division would be capable of funding all of its authorised capital expenditure from current cash resources and existing available facilities.

Major capital expenditure projects include:

- expansion of the Maputo coal terminal;
- expansion of terminals capacity in Richards Bay; and
- the development and expansion of two Intermodal sites in Durban and Johannesburg.

RESTRUCTURES

In the fourth quarter of 2009, the division completed an internal restructure of its offshore operations that resulted in the majority of its shareholdings in offshore companies being consolidated under a Mauritian-based holding company.

OPERATIONAL OVERVIEW

PORTS AND TERMINALS

Ports and Terminals comprises the group's investment in port concessions and terminal operations, which currently comprises the investment in the Maputo Port Development Company (MPDC) and port side terminals and stevedoring operations within various ports in the southern African region.

The results of MPDC are equity accounted as Grindrod has an effective 24,7% interest in MPDC.

		2009 Rm	2008 Rm	Growth %
Revenue		893	810	10
EBITDA		212	143	48
Operating income		173	93	86
Attributable income		164	47	248
Operating margin	(%)	19,0	11,5	65

GRINDROD PORT HOLDINGS

MPDC has a concession to redevelop and operate the port of Maputo, in partnership with international terminal operator Dubai Ports World (24,7%), the Government of Mozambique (49%) and local partners (1,6%).

Volumes through the port increased by 5,8% to 8,03 million tonnes in 2009 (2008: 7,5 million tonnes) driven by demand for coal, break bulk cargoes and containers with the volume growth achieved despite market weakness. MPDC plans to dredge the port in 2010 to increase the draft from the current 9,4 meters to 11,0 meters to allow for entry by panamax vessels which will increase the port handling capacity.

Capacity constraints in the South African ports are expected to continue despite planned expansion of these facilities by Transnet, with new capacity forecast to be taken up by an increase in commodity exports on the continuing recovery of commodity demand. Maputo is therefore seen as a key strategic port, being positioned the closest to Mpumalanga, Gauteng and Limpopo and is ideally situated to supplement capacity in the South African ports.

Divisional reviews - Freight Services (continued)

OPERATIONAL OVERVIEW (continued)

GRINDROD TERMINALS

During 2009, Grindrod invested R215 million in the further expansion of its terminal capacities (2008: R272 million). A summary of the current status of developments and planned capacity increases are presented in the table below:

Terminals	Utilisation in 2009#	Current capacity	Planned capacity 2010
Drybulk (tonnes)	5 660 636	11 970 000	13 950 000
Maputo coal terminal	1 981 129	4 000 000	6 000 000
Richards Bay	2 910 584	6 400 000	6 400 000
Maydon Wharf (Durban)	250 022	700 000	700 000
Walvis Bay (Namibia)	279 047	550 000	550 000
Maputo sized coal	239 853	250 000	650 000
Dar es Salaam (Tanzania)*	–	70 000	–
Liquid bulk (m^3)	112 654	340 000	340 000
Durban	47 172	260 000	260 000
Cape Town	65 482	80 000	80 000
Automotive (number of vehicles)			
Maputo	10 045	52 000	52 000

* *Exited in January 2010.*

\# *Physical utilisation only.*

Capacity in the various drybulk terminals amounted to 11,97 million tonnes per annum as at 31 December 2009, with an additional 2,0 million tonnes per annum of capacity scheduled for completion during 2010.

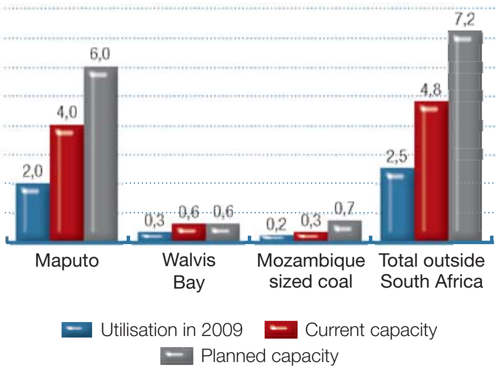
Specific details of these expansions in 2009 are as follows:

- capacity in Richards Bay was expanded to 6,4 million tonnes per annum. The future planned expansion of capacity by an additional 1,2 million to 7,6 million tonnes per annum has been delayed pending an improvement in market conditions;
- capacity at the coal and magnetite terminal at Matola in the port of Maputo was expanded to 4 million tonnes per annum with the further expansion of the terminal capacity by an additional 2 million tonnes to 6 million tonnes per annum scheduled for completion by the end of 2010, with all additional export capacity contracted out to customers on a 75% take-or-pay basis;
- handling capacity at Walvis Bay was expanded by 130 000 tonnes per annum; and
- a sized coal export facility was established in the port of Maputo with a handling capacity of 250 000 tonnes per annum. The export capacity of the facility is in the process of being expanded to 650 000 tonnes per annum with completion expected by the end of 2010.

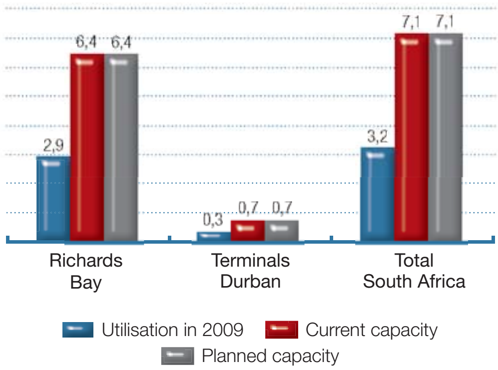
DRYBULK

Drybulk terminal operations are conducted in Walvis Bay, Durban, Richards Bay and Maputo. The operation in Dar es Salaam was discontinued during the year and a dedicated sized coal export facility was established in Maputo. Further expansions to the Maputo coal terminal and sized coal terminal are currently in progress. Plans for the further expansion of the Richards Bay coal export facility have been deferred pending an improvement in market conditions.

DRYBULK TERMINALS
OUTSIDE SOUTH AFRICA (tonnes millions)



DRYBULK TERMINALS
SOUTH AFRICA (tonnes millions)

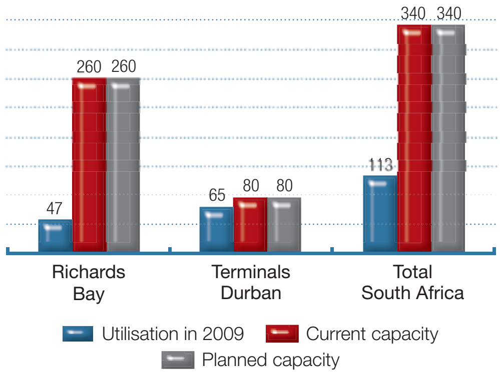


LIQUID BULK

Liquid bulk terminal operations are conducted in Durban (molasses) and Cape Town (multiproduct). Investigating on the feasibility of expanding existing capacity in both the Durban and Cape Town operations by an additional 105 000 m^3 per annum in total is being considered.

Grindrod also has an option to acquire a 50% interest in a recently constructed multi-product terminal in Maputo, at cost, from Southcomm, an international trader in bulk liquid products. The Maputo terminal currently has a storage capacity of 10 000 m^3. Feasibility studies are in progress to determine the viability of expanding storage capacity to 50 000 m^3.

LIQUID BULK TERMINALS
SOUTH AFRICA (m^3 thousands)



AUTOMOTIVE

Phase one of the Maputo car terminal was commissioned at the end of 2007 with an annual throughput capacity of 52 000 vehicles per annum. This terminal was constructed to accommodate volumes for the Rosslyn-based original equipment manufacturers (OEM) which, under normal market conditions, cannot be accommodated through the Durban car terminal. Volumes through the car terminal have remained below expectations due to a contraction in automotive volumes in South Africa.

It is planned to increase the capacity to 150 000 units.

Grindrod concluded the sale of a 30% interest in the Maputo car terminal to Höegh Autoliners, the owner and operator of one of the largest automotive shipping lines in the world.

Divisional reviews - Freight Services (continued)

OPERATIONAL OVERVIEW (continued)

STEVEDORING

Grindrod conducts automotive stevedoring in the port of Durban, specialised pay loading and separation of bulk mineral cargoes in Richards Bay and a wide range of stevedoring in Walvis Bay (Namibia) through Grindrod's 40% held associate company Erundu Stevedoring.

GRINDROD INTERMODAL

		2009 Rm	2008 Rm	Growth %
Revenue		544	511	6
EBITDA		65	66	–
Operating income		43	40	7
Attributable income		33	32	3
Operating margin	(%)	7,0	7,8	(10)

Intermodal comprises the group's container freight logistics operations with services ranging from the provision of depot facilities for the storage, handling and repair of general purpose, refrigerated and tank containers, the provision of warehousing services for cargo that is moved via containers, the road and rail transport of containers and container sales and leasing.

Despite a decline in container traffic through South African ports of approximately 16% in 2009, Intermodal traded largely in line with 2008. This result was achieved through a combination of cost reduction, rationalisation and consolidation of operational sites and new business wins.

Further consolidation of sites and operations is planned for 2010 and 2011, with two proposed property developments to be undertaken in Durban and Johannesburg.

The development in Durban will involve the conversion of an existing facility to a multipurpose facility which will, in addition to the existing operations, also provide facilities for warehousing and the handling of bulk minerals. The development is expected to be completed in the fourth quarter of 2010.

The development in Johannesburg will involve the consolidation of two sites onto one owned property. The consolidated site will have facilities for the storage, handling, repair and washing of containers as well as provide for the warehousing of cargo and the handling of bulk minerals. The project is expected to be completed by the end of the third quarter of 2011.

GRINDROD LOGISTICS

		2009	2008	Growth
		Rm	Rm	%
Revenue		697	797	(12)
EBITDA		35	135	(74)
Operating income		(22)	86	(125)
Attributable income		(36)	30	(220)
Operating margin	(%)	(3,0)	10,8	(120)

Logistics comprises the group's land-based transport, distribution and clearing and forwarding operations.

The significant decline in profitability in 2009 was driven primarily by the transport operations where trading in the durable goods, automotive and mineral sectors experienced sharp declines. The transport operations have been rationalised and restructured in light of lower market volumes with this restructuring expecting to result in a return to profitability in 2010. Profitability in the clearing and forwarding operations also came under pressure in 2009 as a result of a combination of declining volumes and the strength of the Rand.

AUTOMOTIVE

The automotive market declined further in 2009, with new vehicle sales declining 25%, following a 21% contraction in 2008. The export of new vehicles from South Africa also declined by 38% in 2009.

This market has led to the exit of a large number of operators in the automotive ferry industry during 2008 and 2009 which has resulted in Auto Carriers gaining market share. The business is therefore well placed to benefit from the projected improvement in the domestic and international demand for new cars in 2010.

BULK TRANSPORTATION

Drybulk transportation of minerals and soft commodities remained depressed for much of 2009 as a result of global economic weakness and excess fleet capacity being available which resulted in significant pricing and volume pressure. Trading improved in the fourth quarter of 2009 on recovering demand for minerals and is expected to continue to improve in 2010.

Liquid bulk transportation also saw a marginal decline in volumes in 2009 as a result of general economic weakness, with pricing also coming under pressure. Trading is expected to continue to improve into 2010.

DURABLE GOODS/FURNITURE

Durable goods/furniture is a small distribution operation offering total supply chain solutions to the manufacturers, importers and retailers of office, hospitality and domestic furniture within the Southern African region. The market segment in which this business operates remained under pressure during 2009 in line with weak consumer demand. The operation has been significantly restructured.

Divisional reviews - Freight Services (continued)

OPERATIONAL OVERVIEW (continued)

PERISHABLE CARGO AGENTS

Perishable Cargo Agents specialises in the clearing and forwarding of perishable products, predominately by air, both domestically and internationally, as well as providing an express freight consolidation service. Profitability remained flat in 2009 on the back of a decline in demand for perishable products internationally and a strong Rand persisting for most of the year.

The operation re-entered the seafreight market segment on the exit of the group from the seafreight joint venture with LauritzenCool Logistics S.A. in the second half of 2009.

HEAVY LIFT LOGISTICS

VANGUARD
Precise Logistics Engineering

Vanguard Rigging (Pty) Limited is a 50% joint venture with the executive management team of the business. The company is regarded as a leader in its field of heavy project logistics and engineering. Although business declined in 2009 in line with the scaling back of infrastructure projects, the business continues to offer attractive growth opportunities, particularly in the renewable energy sector where Vanguard Rigging (Pty) Limited has positioned itself to secure the installation of wind turbines in the southern African region and abroad.

CLEARING AND FORWARDING

Röhlig-Grindrod
LOGISTICS

The group's clearing and forwarding business is a 50% joint venture with Röhlig and Co. Internationale, operating under the brand names of Röhlig-Grindrod (Pty) Limited and Kapele Freight and Logistics (Pty) Limited. The company is one of the largest freight forwarders and customs brokers in South Africa, enjoying strong relationships with a wide range of blue-chip importers and exporters. Volumes and profitability declined in 2009 in line with global market weakness and the strength of the Rand.

GRINDROD RAIL

		2009 Rm	2008 Rm	Growth %
Revenue		23	101	(77)
EBITDA		4	13	(7)
Operating income		3	11	(7)
Attributable income		1	35	(97)
Operating margin	(%)	13,0	11,4	14

Grindrod re-entered the rail sector through the conclusion of a joint venture with Solethu Investments (Pty) Limited which resulted in the establishment of a BEE rail company, RRL Grindrod (Pty) Limited. This business provides locomotive leasing, rail operations and shunting services. In addition, a separate business was formed to house the locomotive fleet which was subsequently enhanced through the acquisition of a business specialising in locomotive maintenance, refurbishment and rebuilds. Through these businesses and other strategic alliances, a holistic rail solution will be offered to customers. The business is well placed to grow off its existing base and through public-private-partnerships and concession opportunities should they become available.

GRINDROD SEAFREIGHT

	2009 Rm	2008 Rm	Growth %
Attributable income	45	45	–

Seafreight comprises Grindrod's investment in seafreight operations, currently comprising the investment in Ocean Africa Container Lines (Pty) Limited (OACL), which is accounted for as an associate.

OACL is a 49% held joint venture with Safmarine, operating liner services in the southern African region between Nacala in the east and Luanda in the west.

Volumes handled in 2009 declined 16% to 145 698 TEU in line with the contraction in volumes in the southern African region with margins coming under pressure as freight rates declined. Despite the contraction in volumes and rates, OACL maintained profitability levels in line with 2008 through the negotiation of lower charter rates on vessels, fleet reductions, improved scheduling integrity and general operational efficiencies.

Seafreight volumes are expected to remain under pressure in 2010, however, the business is expected to continue to benefit from the ongoing cost savings initiatives and improved scheduling integrity.

Divisional reviews - Freight Services (continued)

GRINDROD AGENCIES

The Agencies division remains well positioned to continue its prominent position in southern Africa, representing many of the world's largest and most respected shipowners and operators in the world.

		2009 Rm	2008 Rm	Growth %
Revenue		268	178	51
EBITDA		23	17	35
Operating income		20	15	33
Attributable income		21	25	(16)
Operating margin	(%)	7,5	8,4	(11)

GRINDROD SHIPS AGENCIES

Ships Agencies as predicted in the 2008 report, were adversely affected by a sharp decline in both volumes and freight rates, whilst the strengthening of the Rand further contributed to declining revenue on the liner side.

Volumes on certain trade routes declined to such a level that liner operators were forced to amend sailing schedules and in some cases withdraw from services that have been served for many years.

On a positive note the non-liner sections continued the good growth achieved in 2008 and again generated record revenue for the year with a number of new accounts secured, particularly in the coal export market to the Asian sub-continent and on the clearing and forwarding of export bulk cargoes.

GRINDROD TRAVEL

Grindrod Travel suffered from the general cutback in business travel caused by the economic conditions, resulting in the closure of the Port Elizabeth branch and the rationalisation of a number of the operations.

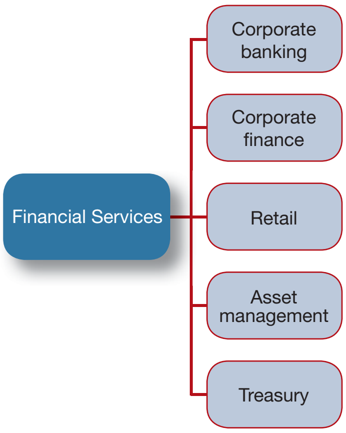
GRINDROD MARINE SERVICES

The marine and industrial services business, previously known as Unilog, reported a solid performance despite the difficult trading conditions with the continued Rand strength making it more economical for many shipowners to source technical servicing and equipment from overseas, particularly Singapore.

Divisional reviews - Financial Services

BUSINESS OVERVIEW

The division operates in five segments as follows:



2009 KEY FEATURES

- deposits at record levels;
- growth in earnings; and
- no bad debt.

FINANCIAL OVERVIEW

Income statement	2009 Rm	2008 Rm	Growth %	Comments
Revenue	136	94	45	Interest margin pressure compensated for by increased fee income
EBITDA	54	46	17	
Operating income	52	45	16	Increased operating overheads and general portfolio provision raised against advances book
Attributable income	36	35	3	

Statement of financial position		
Fixed assets/investments	111	133
Bank loans, advances and liquid assets	1 571	1 197
Current assets	82	45
Net cash including debt	388	539
Total assets	**2 152**	**1 914**
Equity	333	286
Bank deposits	1 770	1 547
Other liabilities	49	81
Total equity and liabilities	**2 152**	**1 914**

Divisional reviews - Financial Services (continued)

FINANCIAL OVERVIEW (continued)

Key financial ratios		2009	2008
Return on ordinary shareholder's equity	(%)	12	12
Capital adequacy ratio	(%)	14,2	16,5
Number of employees		72	65

Consolidated Bank profits grew 3% year on year, largely attributable to strong fee income from property finance, corporate lending, corporate finance and treasury activities. Profit growth before consolidation adjustments and general provision at Bank level was 15%.

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

The ongoing conservative approach to credit and liquidity management has also resulted in no 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 its levels of assets under management despite a difficult economic climate.

OPERATIONAL REVIEW

GRINDROD BANK

Grindrod Bank Limited is a registered financial services provider, regulated by the South African Reserve Bank. Established in 1994, the Bank has matured into a competitive niche bank.

The Bank will continue to acquire strong intellectual capital as it grows 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.

CORPORATE FINANCE

The corporate finance division continues to act as the sole southern African representative of M&A International, using this global network of specialists to advise mid-market companies on cross-border acquisition and disposal opportunities.

The division provides clients with the highest standard of independent, objective and innovative corporate finance advice and transaction execution services comprising: capital raising; listings and initial purchase offers; mergers and acquisitions; BEE advice; structured finance; regulatory compliance and private equity.

RETAIL

With its inclusion in the National Payments System (PASA and BankServ), the retail division offers card-based payment solutions to the South African wage earning population.

ASSET MANAGEMENT

Asset management encompasses three areas of the Bank's business, namely private clients, institutional fund management and investment products.

Private clients

Grindrod private clients is a complete wealth management service with a successful history of managing the assets and structuring the financial affairs of high net worth individuals, trusts, companies, educational institutions, charities and public organisations.

Institutional fund management

The division also runs institutional portfolios, with a specific focus on real estate securities portfolios. Responsibilities include all aspects of fund management and administration, benchmarking, providing clarity on the allocation of real estate securities within a portfolio and mapping investment objectives while determining an acceptable level of risk.

Investment products

Investment products manages a portfolio of unit trusts and structured products, which provide secure, liquid, high-yielding investments for individual and corporate clients.

The Grindrod Investments Trust invests in guaranteed preference shares (underwritten by A1+ rated banks and life assurance houses), providing a regular tax-exempt dividend yield.

The Grindrod Diversified Preference Share Fund invests predominantly in listed preference shares. Capital values are not guaranteed and income is paid in the form of tax-exempt dividends.

The investment products division, housed within Grindrod Asset Management, expanded its product offering with the launch of the Grindrod Global Property Income Fund in April 2009. The South African domiciled unit trust fund invests in real estate assets and has exceeded expectations providing initial investors with a significant return on investment. The division intends to continue its positive growth trend with the addition of new products during the course of 2010.

TREASURY

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

sustainability

Sustainability review

Grindrod's annual sustainability review forms part of the annual report, in line with the revised King Code and report on Governance for South Africa ("King iii"), which calls for greater integration of environmental, social and governance (ESG) considerations into financial management and reporting.

The sustainability review covers Grindrod's policies, practices and performance relating to its activities in these areas for the financial year ending 31 December 2009 and covers all group company activities. Further reporting boundary considerations specific to environmental and climate change performance are outlined in the environmental performance section on page 89.

Certain aspects relevant to a sustainability review, such as the corporate profile, strategy, governance and risk are not duplicated in this section as these are covered elsewhere in the annual report. The report has drawn on guidelines and criteria developed by the various agencies which set the standard for corporate sustainability (and in particular the Global Reporting Initiative's G3 guidelines), but has also been adapted to address issues specific to the business and industry. A referenced GRI Index is found on page 104.

Significant improvements were made in the measurement and reporting of sustainability key performance indicators (KPIs) across the ESG spectrum in the year under review. Where possible year-on-year trend data has been given, new sustainability KPIs have been introduced and data has been normalised and integrated with financial information. Progress was also made with setting achievable and quantifiable environmental objectives and targets.

The services of an independent verification agency have not been used for this report, although external environmental consultants were engaged to conduct selected internal verification of environmental KPI data collated from Grindrod group companies.

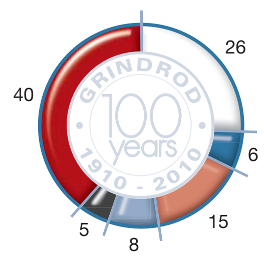
Sustainability performance highlights include:

- re-admission to the JSE's Socially Responsible Investment (SRI) Index;
- strengthening the company's ethics policies and practices, including the introduction of an Ethics Hotline, managed by Deloitte and Touche, a whistleblower facility introduced in April 2009 and a new fraud management strategy, which is now being rolled out across the group;
- significant progress with the company's broad-based black economic empowerment (B-BBEE) strategy; and
- improved allocation of company resources in terms of environmental and climate change risk management, including the establishment of the company's first group environmental and climate change committee (reporting to the CEO), the appointment of a senior-level health, safety and environment (HSE) manager within the Freight Services division; the commencement of an environmental risk audit programme covering all Freight Services division sites and accelerated implementation of ISO 14001 environmental management systems (EMS) within the Shipping and Freight Services divisions – the two divisions with the biggest direct impacts on the environment.

DISTRIBUTION OF WEALTH (%)

2009

2008



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

Corporate governance

INTRODUCTION

The Grindrod group has maintained and enhanced its good corporate governance standards and continues to review 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. An apply or explain approach has been initiated in this report and the full extent of King III requirements will be covered in the 2010 report.

Grindrod has maintained its "good" rating in the 2009 Ernst & Young survey of annual reports of the Top 100 Listed Companies on the JSE.

BOARD OF DIRECTORS

The Grindrod board comprised 16 directors at 31 December 2009 and now stands at 15 following the resignation of N T Y Siwendu. Non-executive directors have a diversity of skills and commercial experience. Six of the eight non-executive directors are considered independent. Details of the non-executive and the executive directors are shown on pages 6 to 9 of this report.

The board meets at least four times a year and additional meetings are held whenever it is considered necessary. Two special board meetings were held in 2009. The responsibilities of the board are set out in a charter and the board is required to annually review its operations against the charter framework. The charter is available on the website. In assuming ultimate responsibility for effective control and leadership of the group the board takes responsibility for the following:

- ensures as far as possible that the group complies with all relevant laws, regulations and codes of business practice;
- defines levels of materiality, reserving specific powers to itself and delegating other matters to executive management in terms of a limits of authority framework;
- gives direction to all strategic matters and annually approves the group business plan;
- monitors implementation of the business plan by management;
- reviews performance of the various board committees established to assist in the discharge of its duties;
- monitors key risk and performance areas of the group and identifies non-financial issues relevant to the group;
- determines 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 that there is appropriate succession planning at senior management level.

The quorum for board meetings is eight directors, however, meetings are generally planned well in advance and full attendance is always expected.

The role and function of chairman and chief executive officer are separate in the Grindrod group. The chairman, I A J 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 vast shipping experience and overall business skills overwhelmingly outweigh any issues arising from his perceived lack of independence.

The board is supplied with all relevant information and has unrestricted access to all group information, records, documents and property, which enables the 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. By convention 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.

R A Norton's contract was extended in 2009 at the discretion of the board, after he had reached 70 years of age. He will retire at the forthcoming annual general meeting.

The boards of directors of major local and offshore operating subsidiaries comprise executive directors and senior management. The boards of major offshore operating

Corporate governance (continued)

subsidiaries as well as that of 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 main board met six times during the year and attendance was as follows:

	25 Feb 2009	Special 20 May 2009	29 July 2009	19 Aug 2009	Special 9 Oct 2009	18 Nov 2009
H Adams	✓	✓	✗	✓	#	✗
I A J Clark	✓	✓	✓	✓	✓	✓
M R Faku (appointed December 2009)	n/a	n/a	n/a	n/a	n/a	n/a
W D Geach	✓	✓	✓	✓	✓	✓
I M Groves	✓	✗	✗	✓	#	✓
M J Hankinson (appointed December 2009)	n/a	n/a	n/a	n/a	n/a	n/a
J G Jones	✓	✓	✓	✓	✓	✓
T J T McClure	✓	✓	✓	✓	✗	✓
R A Norton	✓	✓	✓	✓	✓	✓
A K Olivier	✓	✓	✓	✓	✓	✓
D A Polkinghorne	✓	✓	✓	✓	✓	✓
D A Rennie	✓	✓	✓	✓	✓	✓
N T Y Siwendu (resigned January 2010)	✓	✓	✓	✓	✓	✗
A F Stewart	✓	✓	✓	✓	✓	✓
L R Stuart-Hill	✓	✓	✓	✓	✓	✓
S D M Zungu (appointed December 2009)	n/a	n/a	n/a	n/a	n/a	n/a

 # Participation via a conference call facility.

INSIDER TRADING

In line with best practice and the 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 they are tabled at the following board meeting.

SUCCESSION PLANNING

The nomination committee annually reviews the board's performance, structure, size and composition and makes recommendations to the board on succession, training and replacements.

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, W D Geach, M J Hankinson, I M Groves, R A Norton and S D M 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.

M R Faku represents the interest of the B-BBEE partners of Grindrod (South Africa) (Pty) Limited, which interest has the potential to compromise his independence. Reference is made to the chairman's status on page 59.

A brief curriculum vitae of each director of the company is published on pages 6 to 9.

BOARD COMMITTEES

The board has an executive committee, audit committee and a remuneration/nomination committee. Members and the chairmen of these committees are appointed by the board. 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.

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;
- Credit Risk; and
- Asset and Liability.

EXECUTIVE COMMITTEE

The executive committee comprises the seven executive directors and J B McIlmurray.

The board had delegated a wide range of matters relating to the company's management to the executive committee including:

- financial, strategic, operational, governance, risk and functional issues;
- formulation of the group strategy and policy; and
- alignment of group initiatives.

The committee held four formal meetings during the year, with additional sessions convened to focus on strategy, the development of key management and succession planning. The committee assists the chief executive officer in guiding and managing 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. The executive committee also held a two-day strategic planning meeting with key operational management during 2009.

AUDIT COMMITTEE

The group audit committee performs the role of reviewing internal controls, risk management procedures and financial results. I M Groves, an independent non-executive 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 Corporate Laws Amendment Act. A full audit committee report is set out on pages 65 to 66. The internal and external auditors have full access to the committee.

The audit committee met three times during the year and attendance was as follows:

	23 Feb 2009	19 June 2009	18 Aug 2009
I M Groves (chairman)	✓	✓	✗
R A Norton	✓	✓	✓
W D Geach (appointed June 2009)	n/a	✓	✓

The committee will in the future be elected by members at the annual general meeting in terms of the requirements of the new Companies Act.

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. The chairman, R A Norton and members, who are all non-executive directors, are appointed by the board. The chief executive officer is not a member of the committee but attends meetings to provide feedback on individual performances and other relevant information.

The committee has formal terms of reference approved by the board and is responsible for the assessment and

Corporate governance (continued)

approval of a broad remuneration strategy for the group. In particular, it reviews and determines the remuneration packages of the members of the executive committee, the fees for the non-executive directors and recommends the granting of cash-based notional share options to executive directors and senior employees. These details, together with an overview of remuneration and incentive philosophies, is set out in the remuneration report on page 69.

The committee is also 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 four times during the year and attendance was as follows:

	24 Feb 2009	20 May 2009	19 Aug 2009	18 Nov 2009
R A Norton (chairman)	✓	✓	✓	✓
I A J Clark	✓	✓	✓	✓
I M Groves	✓	✓	✓	✓

RISK MANAGEMENT

The board has not appointed a separate risk committee, however, it takes full responsibility for risk management. The full board is responsible for risk management and for implementing an effective process to identify risk, measure the potential impacts and to set risk tolerance levels. Further 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.

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 for this purpose.

The 2009 interim results were presented in Johannesburg and Cape Town in August 2009 and the final results were presented to the investment community in Johannesburg, Durban and Cape Town during February 2010.

CORPORATE SPONSOR

Grindrod Bank Limited acts as the company's sponsors 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 22.

INTERNAL AUDIT

King III has re-affirmed internal audit as a strategic function and an integral component of an organisation's corporate governance framework. The Grindrod group is committed to good corporate governance and acknowledges the important role of an independent internal audit function in assisting the audit committee in discharging its responsibilities.

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

The primary objective of the Grindrod internal audit function is to assist management and the board in the effective execution of their responsibilities. This is achieved by providing reasonable assurance with regard to the effectiveness and adequacy of the controls in place to manage the risks facing the organisation.

A risk-based internal audit approved is fundamental in providing management and the board, via the audit committee, with an assessment of the adequacy, efficiency and effectiveness of the control, governance and risk management processes.

Internal audit coverage plans are prepared annually together with management and approved by the audit committee. The methodology and risk-based approach used ensures that all businesses within the group receive adequate coverage and includes:

- generic coverage, consisting of the follow up of previous audit reports and management letters issued by external auditors, the completion of taxation, fraud and internal control risk assessments, fraud health checks and compliance with the group standards policy document and group approval framework;
- risk-based coverage whereby all businesses are included at least once during a three-year cycle and incorporating all the significant auditable risks;
- new acquisitions and any businesses where senior management changes have occurred;
- capital project reviews, including the tendering process, procurement, expenditure, project management, financial reporting and compliance with group approval framework;
- IT governance and post implementation reviews, where there has been a change or revision of systems;
- ethics line reporting and monitoring; and
- ad hoc reviews where there is a change in the risk profile of any business or operation.

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

INFORMATION TECHNOLOGY GOVERNANCE

Information technology (IT) governance defined by King III focuses on four major areas:

- strategic alignment with business, including sustainability and "green IT" principles;
- value delivery of IT services and systems;
- risk management to safeguard IT assets and assure business continuity; and
- resource management optimising IT knowledge and infrastructure.

Grindrod has implemented a number of projects to achieve compliance and maintain high standards of corporate governance, such as:

- development and execution of IT strategies defined by the business;
- alignment of systems throughout the group to ensure ease of operation, improved reporting and ability to share knowledge;
- centralisation of IT facilities onto a large virtual system that has excellent properties for achieving environmental guidelines through reduced use of power and air conditioning; and
- well documented and tested disaster recovery plans.

There are a number of projects planned in 2010, which will ensure that the group's IT systems meet and exceed basic requirements of governance and are aligned to operational strategic objectives.

Corporate governance (continued)

ETHICS

The group is committed to providing excellent services to customers and deem that a high standard of ethical behaviour is paramount to 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 questions, they can contact Ethics SA directly on telephone 012 342 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. The code is to be reviewed and updated in 2010.

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 our customers, being fair in the way we treat people and accountability, which requires people 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 whistleblower service was introduced in April 2009 and followed up with fraud awareness presentations across the spectrum of group activities. The service, Tip-offs Anonymous®, involves the professional services firm of Deloitte and Touche and is therefore independent of Grindrod.

Postal address:	Tip-offs Anonymous, Freepost KZN 138, Umhlanga Rocks, 4320
Telephone:	0800 21 31 18 or +27 31 571 5329
E-mail:	grindrodethics@tip-offs.com
Website:	www.tip-offs.com

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.

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.

Composition

The committee consists of three independent non-executive directors.

At 31 December 2009, the audit committee comprised:

Name	Qualifications	Appointed
I M Groves (chairman)	CA(SA)	Feb 1998
R A Norton	BA, MA, FIBSA	Aug 1999
W D Geach	BA LLB, MCom, CA(SA), FCIS	Jun 2009

The chairman, chief executive officer, the group financial director and representatives from the external auditors also attend the audit committee meetings. The internal and external auditors have unrestricted access to the audit committee. The group secretary serves as secretary to the committee.

MEETINGS

The audit committee held three meetings during the period. Attendance at these meetings is reflected on page 61 of this report.

STATUTORY DUTIES

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

- nominated for appointment as auditor, Deloitte and Touche who, in our opinion, is independent of the company, and Andrew Waller as the responsible partner;
- determined the fees paid to Deloitte and Touche as disclosed in the notes of the annual report;
- determined Deloitte and Touche's terms of engagement;
- believes that the appointment of Deloitte and Touche complies with the relevant provisions of the South African Companies Act and King III;
- approved all non-audit service contracts with Deloitte and 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 control, records and reporting; and
- concurred with the adoption of the going concern premise in the preparation of the financial statements.

DELEGATED DUTIES

Internal financial controls and internal audit

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 control 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, we believe that the internal financial controls are effective.

The internal audit manager had unrestricted access to the audit committee chairperson.

REGULATORY COMPLIANCE

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

Audit committee report (continued)

EXTERNAL AUDIT

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

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

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

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

With regard to the oversight of the external audit process, we received:

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

Based on our satisfaction with the results of the activities outlined above, we have recommended to the board that Deloitte and Touche should be reappointed for 2010.

FINANCE FUNCTION

We believe that Anthony Fraser Stewart, the group financial director, possesses the appropriate expertise and experience to meet his responsibilities in that position as required by the JSE.

We are 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, we believe that the accounting practices are effective.

FINANCIAL STATEMENTS

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

On behalf of the audit committee.

I M Groves
Chairman

Durban
15 February 2010

Remuneration report

REMUNERATION PHILOSOPHY AND POLICY

Grindrod's philosophy is to set appropriate remuneration levels to attract, retain and motivate competent, high performing employees that will successfully drive the achievement of its strategic objectives and grow sustainable shareholder value.

The supporting group policy ensures that rewards are commensurate with the contribution to the group's performance in line with strategy and that this reward is competitive and appropriate as gauged against relevant local and international market benchmarks.

The executive and key managers' remuneration is therefore structured to include guaranteed remuneration and both short-term and long-term incentives to drive performance. The level of guaranteed remuneration aims to competitively attract high calibre leadership. The short-term incentive component rewards directors and management for achieving key performance indicator targets and/or exceptional performance and the long-term share incentive schemes serve to align directors and senior management to shareholder interests and act as a retention mechanism.

SENIOR MANAGEMENT REMUNERATION

The group aims to adhere to the broad guidelines of executive remuneration set out in King III. The overall principles applied consist of the following:

- establish appropriate and competitive balance between fixed and variable remuneration structure to achieve performance excellence;
- establish a great performance oriented culture with a pay for performance approach that aligns with sustainable shareholder value;
- appropriately leverage market and industry benchmarks to ensure competitive remuneration aligned to market median; and
- drive sustainable business results through short-term and long-term performance driven incentives.

Remuneration consists of the following elements:

- the group has adopted a total cost of employment (TCOE) approach for salaried employees, replacing the cash plus benefits approach. The TCOE is guaranteed and includes the cost of a company expensed motor vehicle or travel allowance, retirement fund contributions, medical aid premiums and death and disability insurance;
- annual incentive bonus; and
- cash-based, share price linked performance bonus scheme (replaced old scheme which is still partly in place).

The incentive schemes reward exceptional performance and are structured around specific individual objectives.

The remuneration/nomination committee considers the remuneration of members of the executive committee.

Senior management's terms and conditions include:

- notice periods are established to ensure continuity of operations:
  - the group chief executive officer is on a twelve-month notice period;
  - members of the executive have notice periods of six months;
  - other key senior management are on three months' notice with the balance of management on a thirty-day notice period; and
- there are no deferred compensation plans.

GUARANTEED REMUNERATION

The remuneration structure is reviewed in February of each year by the remuneration/nomination committee. The group human resources function develops an advisory report including relevant industry practice, market survey data on remuneration for companies of similar size and profile and guidance from credible remuneration consultants. This information is provided on page 73.

ANNUAL INCENTIVE SCHEME

All executives participate in the group's executive incentive bonus scheme. The bonus is contractual and is paid annually subject to the achievement of group and divisional targets combined with key performance indicators agreed to by the chief executive and the remuneration committee.

In terms of the current scheme, executives may earn up to 100% of their total annual guaranteed remuneration. In respect of the year under review the company did not achieve its financial targets and the average bonus paid represented 66% of TCOE. Employees in the Trading and certain sectors of the Financial Services businesses are incentivised through profit sharing arrangements. Other senior management can generally earn short-term incentives of up to a maximum of 40% of their total annual guaranteed remuneration.

Remuneration report (continued)

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 2009, 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 3,3% of the authorised share capital and approximately 19,8% of the issued share capital as at 31 December 2009, 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 55 710 000 shares (equivalent to 12,3% of the issued share capital), of which 50 210 000 shares have been exercised and issued, leaving 5 500 000 shares (equivalent to 1,2% of the issued share capital excluding treasury shares) still under option in terms of the scheme at 31 December 2009. The options are exercisable at the market prices ruling on the dates the options were granted and vary from 128 cents to 1 251 cents per ordinary share and at varying dates before November 2015.

3 950 000 ordinary shares were allotted during the year in terms of the scheme for a consideration of R12 708 500.

Details of share options granted but not exercised are:

Date option granted	Expiry date	Number of options	Subscription price (cents)
04.02.2003	04.02.2013	300 000	128
26.11.2003	26.11.2013	1 450 000	239
27.05.2004	27.05.2014	200 000	38
23.11.2005	23.11.2015	3 550 000	1 251
		5 500 000	

This scheme has been closed with no new awards since 2005.

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 advantage 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 2009 comprise:

Date option granted	Number of options	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
	8 813 600	

None of the options vested during 2009.

Grindrod Bank share price linked option scheme

In 2009, a Grindrod Bank 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, I A J Clark retired on 31 December 2006 and 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 2009 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 2009 R000	Total 2008 R000
Executive directors								
J G Jones			245	1 828	76	3 648	5 797	7 174
T J T McClure				2 181	86	5 251	7 518	39 857
A K Olivier			3 333	3 090	160	2 061	8 644	5 615
D A Rennie			321	2 660	122	3 614	6 717	10 920
A F Stewart			1 843	2 371	793	8 989	13 996	15 247
L R Stuart-Hill			364	2 314	79	5 430	8 187	6 321
Non-executive directors								
I A J Clark	300	33			84	7 179	7 596	4 702
H Adams	128						128	113
W D Geach*	179	22					201	51
I M Groves	128	109			43		280	247
S M Gounden (resigned May 2008)								52
N E Mtshotshisa (deceased February 2008)								15
R A Norton	128	75					203	177
N T Y Siwendu (resigned January 2010)	128	25					153	76
From the company							59 420	90 567
Executive directors								
J G Jones			1 347		386		1 733	
T J T McClure			3 284	29 791**	465		33 540	
D A Polkinghorne			1 704	1 677	351		3 732	3 488
D A Rennie			1 803		634		2 437	
A K Olivier***			1 154	1 224	120		2 498	2 338
L R Stuart-Hill			1 991		445		2 436	
Non-executive directors								
I A J Clark	68	11					79	71
I M Groves	45	68					113	102
R A Norton	45	105					150	135
N T Y Siwendu (resigned January 2010)	70						70	
From the subsidiaries							46 788	6 134
Total emoluments							106 208	96 701

* *Include fees paid for the period June to December 2008.*

** *Part settlement of a profit share agreement which was entered into when acquiring Island View Shipping (2008: R32 465 244).*

*** *Includes remuneration paid in terms of contract of employment with group company in United Kingdom.*

Remuneration report (continued)

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 68.

SHARE OPTION SCHEME

Director	Options at 01.01.2009	Options exercised during the year	Price at which options exercised (cents)	Options at 31.12.2009	Option price (cents)	Vesting dates	Expiry dates
I A J Clark	100 000	100 000	110				
	600 000	400 000	239	200 000	239	26.11.2010	26.11.2013
	300 000	100 000	380	100 000	380	27.05.2010	27.05.2014
				100 000	380	27.05.2011	27.05.2014
	750 000	150 000	1 251	150 000	1 251	23.11.2009	23.11.2015
				150 000	1 251	23.11.2010	23.11.2015
				150 000	1 251	23.11.2011	23.11.2015
				150 000	1 251	23.11.2012	23.11.2015
J G Jones	450 000	300 000	239	150 000	239	26.11.2010	26.11.2013
	500 000			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
T J T McClure	600 000	400 000	239	200 000	239	26.11.2010	26.11.2013
	500 000	100 000	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
A K Olivier	600 000	200 000	239	200 000	239	26.11.2009	26.11.2013
				200 000	239	26.11.2010	26.11.2013
	500 000	100 000	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
D A Rennie	450 000	300 000	239	150 000	239	26.11.2010	26.11.2013
	500 000			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
A F Stewart	320 000	320 000	110				
	450 000	300 000	239	150 000	239	26.11.2010	26.11.2013
	500 000			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
L R Stuart-Hill	600 000	400 000	239	200 000	239	26.11.2010	26.11.2013
	500 000	100 000	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
	8 220 000	3 270 000		4 950 000			

SHARE PRICE LINKED OPTION SCHEME

Director	Options at 01.01.2009	Options granted during the year	Options at 31.12.2009	Option price (cents)	Vesting dates
A K Olivier	1 036 000		283 300	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
		324 000	108 000	1 430	01.03.2012
			108 000	1 430	01.03.2013
			108 000	1 430	01.03.2014
A F Stewart	144 000		16 600	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
		204 000	68 000	1 430	01.03.2012
			68 000	1 430	01.03.2013
			68 000	1 430	01.03.2014
L R Stuart-Hill	223 000		45 000	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
		221 000	73 600	1 430	01.03.2012
			73 600	1 430	01.03.2013
			73 800	1 430	01.03.2014
T J T McClure	220 000		43 300	1 625	01.03.2010
			43 300	1 625	01.03.2011
			43 400	1 625	01.03.2012
			30 000	2 350	01.03.2011
			30 000	2 350	01.03.2012
			30 000	2 350	01.03.2013
		200 000	66 600	1 430	01.03.2012
			66 600	1 430	01.03.2013
			66 800	1 430	01.03.2014
D A Rennie	239 000		51 600	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
		206 000	68 600	1 430	01.03.2012
			68 600	1 430	01.03.2013
			68 800	1 430	01.03.2014

Remuneration report (continued)

SHARE PRICE LINKED OPTION SCHEME

Director	Options at 01.01.2009	Options granted during the year	Options at 31.12.2009	Option price (cents)	Vesting dates
J G Jones	53 000		17 600	2 350	01.03.2011
			17 600	2 350	01.03.2012
			17 800	2 350	01.03.2013
		167 000	55 600	1 430	01.03.2012
			55 600	1 430	01.03.2013
			55 800	1 430	01.03.2014
D A Polkinghorne	285 000		51 600	1 625	01.03.2010
			51 600	1 625	01.03.2011
			51 800	1 625	01.03.2012
			43 000	2 350	01.03.2011
			43 000	2 350	01.03.2012
			44 400	2 350	01.03.2013
	2 200 000	1 322 000	3 522 400		

GRINDROD BANK LIMITED SHARE PRICE LINKED OPTION SCHEME

Director	Options at 01.01.2009	Options granted during the year	Options at 31.12.2009	Option price (cents)	Vesting dates
D A Polkinghorne		447 000	149 000	466	01.03.2012
			149 000	466	01.03.2013
			149 000	466	01.03.2014
		447 000	447 000		

DIRECTORS' INTERESTS IN THE COMPANY

At 31 December 2009, the directors held ordinary shares in the company as set out below:

Director	2009 Beneficial indirect	2008 Beneficial indirect
H Adams		100 000
I A J Clark	5 119 900	12 369 900
I M Groves	1 500 000	1 950 000
M J Hankinson*	5 000	n/a
T J T McClure[(1)]	1 410 000	1 910 000
A K Olivier	1 634 250	2 334 250
D A Rennie	600 000	1 020 000
A F Stewart[(2)]	980 000	1 090 000
L R Stuart-Hill[(3)]	628 500	1 987 195
Aggregate	11 877 650	22 761 345

** Appointed 15 December 2009.*

Zero cost collar options have been entered into in respect of the following shares included in the shareholdings on page 72:

Number of shares		Put strike (R)	Call strike (R)	Maturity date
(1)	300 000	14,65	18,58	27 June 2011
(2)	510 000	12,65	25,97	24 November 2010
	320 000	15,57	25,38	30 November 2011
(3)	500 000	23,09	28,59	18 March 2010

At 31 December 2009, the directors held preference shares in the company as set out below:

	2009		2008	
Director	Beneficial indirect	Non-beneficial indirect	Beneficial indirect	Non-beneficial indirect
I A J Clark	205 931		205 931	
I M Groves	15 000		15 000	
J G Jones	20 000	4 000	10 000	4 000
D A Rennie		10 000		10 000
L R Stuart-Hill	13 800		8 250	
T J T McClure	67 000		67 000	
Aggregate	321 731	14 000	306 181	14 000

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

These ordinary and preference shareholdings were unchanged at 17 February 2010.

GENERAL REMUNERATION

General remuneration levels for the group and respective companies are determined by market surveys for the particular industry sector in which they operate so as to maintain cost effective and competitive parity. These levels of basic remuneration are reviewed and as necessary revised annually.

Across the group, employment positions are evaluated using recognised evaluation systems in order to ensure the remuneration of a job is aligned to the relative value as compared to other jobs. Salary scales are determined using a unified pay structure which identifies a minimum and maximum range for each position and are reviewed annually. Movement along the salary scale within a job grade is driven by individual performance.

The group's salary/wage bill including incentive bonuses and profit share incentives for the reporting year and for 2008 per occupation level for temporary and permanent staff is tabled below:

R000	2009			2008		
Occupational level	Permanent	Temporary	Total	Permanent	Temporary	Total
Top management	92 592	18 421	111 013	112 061	6 615	118 676
Senior management	194 026	13 014	207 040	281 091	9 535	290 626
Middle management	178 693	16 338	195 031	113 741	6 046	119 787
Skilled	242 017	12 359	254 376	216 809	8 989	225 798
Semi-skilled	252 414	28 621	281 035	144 303	31 280	175 583
Least skilled	29 996	12 798	42 794	52 098	2 946	55 044
Total	989 738	101 551	1 091 289	920 103	65 411	985 514

The total payroll increased by R105 million for the year in comparison to 2008.

Risk management

INTRODUCTION

The board approves the group risk strategy policies in consultation with the executive directors and senior management and decides the group's appetite or tolerance for the risks Grindrod will or will not take in the pursuit of its goals and objectives.

The board is responsible for risk management and for implementing an effective process to identify risk, measure its potential impact and initiate whatever is necessary to proactively manage such risks. A separate annual meeting of the board is held which focuses on the review of the group risk management process and quarterly risk management updates are tabled at board meetings.

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. Group risk management facilitates risk reviews at all subsidiary and joint venture companies. These include reviews of all risk areas, legal compliance, contracts and insurance policies. Matrices are compiled setting out the risks identified at the risk reviews and grading these risks into high, medium and low risks. The controls in place are required to manage these risks and are detailed in this document. The internal audit function follows a risk based approach using the matrices to formulate audit coverage plans.

INSURANCE

Insurance is only placed with reputable underwriters and brokers. Group insurance cover includes hull and machinery, war risk, P&I, freight demurrage and defence, charterers liability, purchasers interest, cargo liability and comprehensive non-marine insurances.

NEW RISKS

The increasing diversity of operations has necessitated continual development and integration of risk management processes. Particular attention has been paid to new risks such as counterparty, piracy and fraud risks.

KING III CODE AND REPORT ON GOVERNANCE

The revised King Code and Report on Governance for South Africa ("King III") came into effect on 1 March 2010. The board has taken cognisance of King III in the context of, inter alia, risk management and has commissioned a process to ensure the group complies with all the appropriate provisions of King III in the forthcoming year. Grindrod will more formally address King III in its 2010 annual report.

For the first time, King III has addressed the issue of corporate governance for information technology (IT). In the context of risk management, IT risks are required to form part of the company's risk management and IT management should regularly demonstrate to the board that the company has adequate "business resilience" arrangements in place to recover from disaster. As reported below, Grindrod has centralised IT systems which 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 following risks have been identified as significant to the group:

Risk type	Management of risk
STRATEGIC RISK	• understanding the markets they operate in – sectorally, geographically and in global or regional business culture terms; • obtaining information as full as is possible about the market situation and the market cycle; • combined "through the cycle" experience base of Grindrod's executive and management team; • using an established supporting expertise base including financiers, insurers, agents, brokers and legal advisors; and • operating within set financial limits, approval framework and board review.
MARKET RISK Substantial decline in world shipping markets	• management continually assess shipping markets utilising their own experience and detailed research; • risks are managed through careful timing of fixed charters, timing of entry into markets, a solid contract base and diversification of risk; • the board has set risk measurement benchmarks and the group's risk model reflecting the exposure to shipping risk is updated quarterly. Furthermore, an annual review of the model's assumptions and the benchmarks is also carried out; and • the impact of the current crisis in the global economy and credit markets on shipping markets and specific strategies to manage this risk are discussed in the chief executive officer's report.
Exposure to commodity price fluctuations	• the Trading division uses derivatives, futures, contracts and other instruments on open positions to manage this risk; 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	• charter and contract counterparties are thoroughly investigated and third party advice is obtained to ensure that only well known, secure charterers are contracted; • management regularly monitors 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, as determined by the audit committee.
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 • management performs an ongoing review of the group's exchange and interest rate exposure.
Risk of non-compliance with loan covenants	• loan covenants are continually reviewed to ensure that current loans are well within loan covenant ratios.

Risk management (continued)

Risk type	Management of risk
FINANCIAL RISK (continued) Fraud risk	• fraud risk factors and internal controls are regularly reviewed and assessed through the group's risk management and internal audit process; • a fraud risk management strategy was adopted and implemented in 2009 and is in the process of being rolled out across the group; • as part of this strategy a fraud health check survey was conducted across the group and fraud awareness training was carried out at 51 locations across the country; • the group fraud and corruption prevention policy and the fraud response plan are in the process of being re-drafted; and • a Tip-offs Anonymous® hotline was introduced in 2009.
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.
OPERATIONAL RISK Piracy	• the Shipping division is continually updated as to incidents of piracy and high risk trading areas; • loss of hire insurance has been increased and independent confirmation has been obtained that existing insurance covers are sufficient in the event of a vessel and/or crew being hijacked and held for ransom; and • a comprehensive company circular was issued in October 2009 for vessels that trade in or through Somalia and/or the Gulf of Aden areas. This circular sets out the risk mitigation strategy adopted by Grindrod Shipping to reduce the risk of attacks by pirates.
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.
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.

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; • 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 group's environmental policy is set out in the environmental performance section; • the board requires and monitors through bi-annual quality, health, safety, security and environmental reports that each of the subsidiaries strictly complies with this policy; • 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 newly appointed Group Environmental and Climate Change Committee. The current focus is on improving the accuracy and completeness of measuring greenhouse gas (GHG) emissions and formulating programmes to reduce emissions. Grindrod is also staying abreast with the International Maritime Organisation's (IMO) emission indexing working guidelines; and • increased emphasis was placed on health and safety in Freight Services in 2009. This is detailed in the occupational health and safety 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.
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.
IT 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; and • the targeted technology refresh cycle is between three to five years, thus avoiding the accumulation of legacy systems throughout the group.
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.

Social performance

WORKFORCE PROFILE

The resilience and success of Grindrod and its associated companies is underpinned by committed, competent and value orientated people that drive businesses from the front line to the boardroom. Living the following values and core beliefs are the key ingredients for the culture that supports achievement of the group's strategy:

- professionalism and brand ambassadors in working together to add value to clients and stakeholders;
- respect for one another, all stakeholders and the environment;
- integrity and honesty in managing relationships and partnerships;
- establish and promote a non-discriminatory environment that supports people's rights and obligations;
- accountable for complying with laws, regulations, policies and Grindrod's code of ethics; and
- commitment to add value and support development of South Africa and the other countries in which we operate.

There has been a decline in the workforce complement over the last three years due to restructures and consolidation of businesses. The rate of employee attrition during 2009 was 4%. The total number of employees has decreased from 5 245 at 31 December 2008 to 5 041 at 31 December 2009.

The table opposite reflects the total workforce for Grindrod, as at 31 December 2009, including permanent and temporary employees in subsidiary, joint venture and associated companies.

Total workforce as at 31 December 2009:

Country	2009	2008
South Africa	3 893	4 000
Botswana	–	15
Brazil	2	–
Canada	1	–
China	7	4
Ecuador	2	2
France	3	3
India	1	–
Isle of Man	2	–
Japan	–	1
Mozambique	889	935
Namibia	102	89
Peru	8	7
Philippines	23	53
Poland	33	48
Russia	–	10
Seychelles	1	–
Singapore	20	18
South Korea	3	3
Tanzania	18	25
The Netherlands	1	1
United Arab Emirates	2	5
United Kingdom	29	26
United States of America	1	–
Total	5 041	5 245

HUMAN CAPITAL INITIATIVES

Grindrod is launching projects informed by good industry practice to support the rapid growth and expansion plans.

Aligned to the group's strategy, a "fit for purpose" structure has been defined that optimises economies of scale at the group level and ensures regional/local relevance and presence.

As a critical step in moving to a fully transformational approach managing people's performance and costs, including re-profiling jobs, grading and remuneration alignments to firm up equity have been priority actions in 2009.

To support and enhance strategic governance and compliance with King III across the diverse companies within the group, a corporate exercise of streamlining and aligning policies has been launched and implementation will be rolled out during the second quarter of 2010.

Performance management is a critical business requirement as this helps align, manages and calibrate the contributions of each person in the organisation in line with the strategic goals.

FUNCTIONAL OVERVIEW

TALENT MANAGEMENT

In the area of talent management, specifically processes for attracting and developing, retaining and performance managing, our people resources have undergone significant improvements.

Improved talent acquisition processes have been launched to help business leadership in selecting the right candidate which is the first step of successful execution. The group has successfully implemented an electronic e-recruitment system which collates internal and external candidate matches to the vacant positions, minimising unnecessary external recruitment fees. A revised group induction has been developed to improve effectiveness of a new employee from day one, to embed our culture and support the potential for long-term career growth.

The group promotes an environment in which all employees are afforded equal developmental and promotional opportunities and to this end has supported initiatives aimed at promoting training, education and development. The principle of learning through experience, as well as formal training, is adhered to throughout the group. In addition, employees with professional qualifications are encouraged to keep abreast of developments in particular fields by attending seminars, conferences and training courses. Financial assistance is also given to employees to encourage further tertiary education and to update the professional skills quotient in the organisation.

The group is committed to ensuring equal opportunities for people from historically disadvantaged groups (comprising african, asian and coloured persons, women and the disabled). Employment equity reports are submitted in accordance with the Employment Equity Act, No. 55 of 1998 Goals have been established for business transformation and are incorporated into various talent processes such as acquisition, development and progression. Succession and progression processes have further been improved to build a sustainable pipeline of leadership talent from the frontline to directors.

LABOUR RELATIONS

The group follows the principle of consultation for the benefit of management and employees. Freedom of association and dissociation is acknowledged and where employees have appropriate representation, recognition agreements are entered into. Where there is no registered trade union recognition, formal and informal communication forums have been established. These forums promote both upward and downward communication and provide employees with the opportunity to clarify any issues.

The group realises the effect that restructuring of operations can have on employees and ensures that extensive and effective consultations are conducted when this occurs. A limited number of restructuring initiatives were undertaken during the course of 2009.

The level of union membership in the South African-based companies was 30% in 2009 (28% in 2008). The majority of union members are concentrated in Freight Services. There are nine registered and one unregistered trade union representing the group's employees.

There are currently three recognition agreements across the group. Certain business units within Freight Services fall within the confines of the statutory bargaining councils. There was a slight increase in the level of industrial action during 2009. Short span and sporadic work stoppages were experienced at some Freight Services operations but these were amicably resolved with minimal disruption.

DISCIPLINARY AND GRIEVANCE PROCEDURES

Behavioural standards are documented as conduct, performance or disciplinary codes and these are communicated to all employees. The group prefers measures that are progressive in correction rather than punitive. To this end, in minor cases of misconduct, a written warning is given, subject to an investigation of the facts, and the outcome is based on a balance of probabilities. For more serious offences which may warrant dismissal, a fair and unbiased disciplinary hearing is conducted. All employees involved in a disciplinary procedure are permitted representation by another employee of his/her choice. There is an appeal procedure for all forms of disciplinary action.

A formal grievance procedure exists to enable employees to communicate grievances to management and to obtain the earliest possible resolution. During the latter part of 2009, a series of training interventions were held for supervision and management on the skills of administering disciplinary action. These workshops will again be conducted in 2010.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) AND EMPLOYMENT EQUITY

B-BBEE is an integral component of South African business and the group is committed to aligning its businesses with the national legislation in the area of sustainable business transformation and to the creation and development of an enabling environment, for effective implementation within the organisation.

The group ensures each business retains business focus, values, performance, customer satisfaction and increased shareholder value. Grindrod has adopted a long-term developmental approach to B-BBEE which is aligned with the Codes of Good Practice issued by the Department of Trade and Industry. Performance against the various elements of B-BBEE is measured by the generic balanced scorecard and/or specific industry scorecards. Certificates have been issued by an accredited rating agency. Scorecards are currently being updated based on 2009 financials.

Social performance (continued)

Grindrod (South Africa) (Pty) Limited was placed second in the 2009 Olive Empowerment awards in the category Best Empowered Logistics Company and has a level 3 BEE contributor status.

The five-year target for each of Grindrod's South African companies is to attain a level 4 rating by 2012. The majority have achieved level 4 ratings in 2009 and some have surpassed the target having achieved a rating of 2 or 3. Efforts will continue towards the achievement of improved ratings.

A summary of the current status within the Grindrod group score cards are as follows:

Company/division	BEE Rating
Kapele Freight and Logistics (Pty) Limited	1
King and Sons	2
Grindrod Automotive Services (Pty) Limited	2
Grindrod (South Africa) (Pty) Limited	3
Eyethu Ships Agencies (Pty) Limited	4
Mitchell Cotts Maritime	4
Voigt Shipping	4
Röhlig-Grindrod (Pty) Limited	5
Grindrod Bank Limited*	A
Unicorn Calulo Bunker Services (Pty) Limited	#
RRL Grindrod (Pty) Limited	1
RRL Grindrod Locomotives (Pty) Limited	3
Vanguard Rigging (Pty) Limited	#
Bay Stevedores (Pty) Limited	#

\# *Not measured*

* *Financial Services charter*

An overview of the group's activities in the various elements is as follows:

VERIFICATION PROGRAMME

Grindrod has established the necessary governance mechanisms and integrated processes across its companies to efficiently administer and co-ordinate a group-wide B-BBEE verification in its commitment to transformation and sustainable development.

The group has appointed a leading verification agency to ensure transparency and rigorousness in this process. Score cards are being prepared based on financial results and data as at 31 December 2009.

OWNERSHIP

In 2008, Unicorn announced the formation of a partnership with Calulo Services (Pty) Limited, an empowered South African petrochemical group. The joint venture 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 South African ports under long-term agreements with the South African oil majors.

In 2009, the B-BBEE transaction resulted in the sale of 25% plus one share interest in Grindrod (South Africa) (Pty) Limited (GSA), which houses the majority of Grindrod's South African operations, to Calulo Petrochemicals (Pty) Limited (Calulo), receiving 15%, and Adopt-a-School Foundation (AAS), a section 21 company, receiving 10%.

Grindrod re-entered the rail sector through a joint venture with Solethu Investments (Pty) Limited, a BEE company, which resulted in the formation of RRL Grindrod (Pty) Limited and RRL Grindrod Locomotives (Pty) Limited.

MANAGEMENT CONTROL

The group strives to advance the external appointment and internal development of black senior management.

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. An environment has been created in which every employee has the opportunity for advancement. Employment equity consultation committees consisting of individuals from different races, genders and occupational levels have been established and meet on a regular basis. A developmental approach is being taken to affirmative action with the focus on promoting education and training to assist persons from designated groups to occupy more skilled and responsible positions within the group. Employment equity reports have been submitted in accordance with the Employment Equity Act, No. 55 of 1998. Goals have been established for business transformation and are incorporated into various talent processes such as attraction, development and progression.

Succession and progression processes have further been improved to build a sustainable pipeline of leadership talent from the frontline to directors as referenced above.

In 2009, 84% (2008: 85%) of the workforce was composed of persons from designated groups of which 87% were black (2008: 73%). Amidst the nominal reduction in workforce numbers, there was a noticeable injection of people from designated groups into top, senior, middle management and skilled professional positions in 2009. Improvements are not easily visible to the total figures for transformation in 2009, due to the typical flux experienced amongst the semi-skilled to unskilled workforce levels.

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, foreman and superintendents);
- semi-skilled (semi-skilled and discretionary decision maker); and
- unskilled (unskilled and defined decision making).

Demographic profile	Designated								Non-designated			
2009	Male			Female					White	Foreign nationals		
Occupational levels	African	Coloured	Indian	African	Coloured	Indian	White	Total	Male	Male	Female	Total
Top management	2	3	2	1	0	0	2	10	35	0	0	45
Senior management	5	3	14	2	1	3	15	43	99	5	2	149
Middle management	11	8	43	5	2	17	54	140	103	1	0	244
Skilled	309	78	160	32	63	93	189	924	205	11	2	1 142
Semi-skilled	647	124	173	91	69	101	102	1 307	63	15	4	1 389
Unskilled	281	22	6	56	3	0	0	368	3	0	0	371
Total	1 255	238	398	187	138	214	362	2 792	508	32	8	3 340
Percentage	38	7	12	4	4	6	11	84	15	1	0,2	
2008												
Total	1 164	273	432	183	145	212	387	2 896	498	23	5	3 433
Percentage	37	8	13	5	4	6	11	85	15	1	0,1	

Social performance (continued)

SKILLS DEVELOPMENT

The group is committed to the development of all its employees and to this end supports initiatives aimed at promoting training, education and development.

The principle of learning through experience, as well as formal training, is adhered to throughout the group. Training needs are identified and documented in the form of work place skills plans. These plans and implementation reports are submitted to the relevant Sector Education and Training Authorities (SETAs). Grants have been received from the various SETA chambers for training completed. The group spent R9 million on training and development of its employees in 2009. A total of 2 826 employees attended courses. The following table gives an overview of the type of formal training courses which employees attended and the number of participants within the group.

Course programme	Total attendees	Black (%)	Training spend on black employees (%)
Computer skills	107	71	74
Mobile hoist/driver	331	90	79
Management and supervisory	76	87	75
Adult basic education and training	25	100	100
Continual professional development	200	75	75
Regulatory	661	92	96
Workplace effectiveness	1 145	89	93
Shipping	281	66	64
Grand total	2 826	86	72

Furthermore, the group is revising technical, soft skill and the leadership development programmes for roll out in 2010. In support of the national skills development strategy, the group has continued to engage candidates on learnership programmes. In 2009, a total of 2 826 candidates (of which 86% were black) completed the programmes. In addition, employees with professional qualifications are encouraged to keep abreast of developments in their particular fields by attending seminars, conferences and training courses.

Grindrod has been a prominent developer of local seafaring talent since 1965. On completion of approved maritime studies at either the Durban Institute of Technology (DIT) or the Cape Technikon, cadets are selected for training to serve as future deck or engineering officers in the Unicorn fleet. They undergo shipboard familiarisation and specialised ancillary training, as required in terms of the International Standards of Training, Certification and Watch-keeping for Seafarers (STCW 95). Training is also undertaken on behalf of third parties such as the National Ports Authority. The Unicorn Seafarers Training School based in Durban continues to provide valuable support to the maritime industry and demonstrates the group's commitment to skills development. The school is South African Maritime Safety Authority (SAMSA) accredited and individuals who successfully complete courses, receive certificates that are nationally and internationally recognised. During 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. Courses included shipboard familiarisation, safety at sea, proficiency in survival craft, rescue craft, first aid at sea, petroleum tanker safety, chemical tanker safety, able seaman and oiler. All courses are recognised in terms of International Maritime Organisation (IMO) Standards of Training, Certification and Watch-keeping (STCW).

The existing training school in Maydon Wharf, Durban, is currently operating at maximum capacity and Unicorn is investigating the possibility of establishing, in an alternative Durban location, a purpose-built marine training centre, which would include amongst other facilities, additional classrooms and lecturing facilities, a tanker liquid cargo simulator, marine fire fighting, survival at sea, first aid and rescue boat training facilities. Such a project would place the training school at the leading edge of STCW 95 marine training on the African east coast and would further strengthen the company's commitment to skills development and job creation for South African seafarers.

Grindrod's cadet training scheme commenced in the 1960s and has trained South African deck and engineering officers of all races since the mid 1970s. During this period, Unicorn has trained in excess of 528 merchant navy officers, many of whom have progressed beyond employment at sea to occupy key positions in the South African Maritime Safety Authority (SAMSA). Furthermore, Grindrod was the first shipping company in South Africa to start training female cadets (of all races), for service as seagoing officers. The cadet academy is a significant investment in skills with the cost of training an engineering cadet at R345 000 and a deck cadet at

R215 000. There are currently 31 cadets undergoing training, of which 22 are black and two are female.

In addition to the training of cadets for employment in its own fleet, Grindrod provides training berths at sea and manages the training of cadets on behalf of:

- Transnet National Ports Authority of South Africa;
- Namibian Ports Authority (Namport);
- De Beers Marine (Angola);
- Sonatide (Angola); and
- OPS/SBM (Angola).

In a joint project with the Internal Transport Workers Federation (ITF), a revised training and certification programme was rolled out internationally. Unicorn Shipping re-trained and the South African Maritime Safety Authority (SAMSA) re-certificated over 100 personnel from a variety of coastal African countries. Without this intervention, these seafarers would have been unemployable due to certification requirements. The group has embarked on the projects described above with the intention of contributing to the meaningful transformation of the local maritime industry; and supporting the New Partnership for African Development (NEPAD) initiative by assisting regional African countries with maritime training requirements.

PREFERENTIAL PROCUREMENT

Group companies continue to endeavour to direct any discretionary spend towards qualifying BEE enterprises. Progress has already been made in selection and appointment of service providers for back office functions. Further efforts are being rolled out through revisions in the procurement process in each company within the group.

HUMAN RIGHTS

Grindrod continued 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.

HIV/AIDS

The Group is committed to reducing the spread and minimising the impact of HIV/AIDS on our employees and our stakeholders. Across our companies, we promote non-discriminatory behaviour through our shared code of ethics and provide education to support safe and responsible decisions. The culture of support and prevention is further reinforced through operational safety talks, display of posters in high employee traffic areas and distribution of condoms in ablution facilities. We offer confidential HIV/AIDS testing and counselling in many divisions with plans to further increase this for 2010 so as to assist HIV/AIDS infected employees to remain healthy and work productively for as long as possible.

Further to supporting employee's overall wellbeing and assisting in realising their potential, we are examining the rollout of a group wellness programme. The flexibility of the system further enables attraction, retention and management of talent through providing numerous value adding services during an employee's tenure. The rollout is earmarked for early 2010.

OCCUPATIONAL HEALTH AND SAFETY

Grindrod's health and safety objectives and targets remain simple. Full compliance with applicable legislation with a target of zero incidents, within a culture of continual improvement. Progress was made in the year in review in standardising and improving reporting on health and safety performance and investment.

Total occupational health and safety investment during 2009 was R6,8 million, R8,9 million in 2008 and R4,5 million in 2007.

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.

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

SHIPPING

The division improved on an already exemplary track record reporting only four medical treatment cases, with zero 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).

Social performance (continued)

The division also participates in a lessons-learned scheme with companies in the oil and gas sector and other shipping companies.

KPIs	2009	2008
Health and safety	R2 325 071	R5 576 817
Medical treatment cases	4	5
Lost time incidents	0	1
Fatalities	0	0
Injury frequency rate (per million man hours)	0	3,2

Spend: (difference year on year as a result of the completion of a large H&S audit programme in 2008)

FREIGHT SERVICES

Companies within the Freight division reported a total of 24 medical treatment cases, down from 79 in 2008. However, Grindrod deeply regrets the accidental deaths of four employees and a contract worker during the year. Three fatalities occurred during man/machine interface, one drowning and one fatal crush injury. Specific standards are being developed to manage mobile equipment, pedestrian safety with specific reference to the interface, working at heights and contractor management.

All of these incidents were thoroughly investigated and appropriate corrective action steps implemented though these were not group controlled companies.

In a concerted effort to significantly improve health and safety performance within the division, the board approved the appointment during the year of a senior-level divisional health safety and environment (HSE) manager and the consolidation of health and safety strategies within the division, under this role.

Improvements under the new health and safety management structure completed during the year, include:

- improved resourcing of the health and safety function within this division;
- the completion of external assessments at six business units by Alexander Forbes to verify reported efforts;
- the development of improved policies and protocols at business units;
- improvements to accident reporting and investigations with set protocols that have specific reference to the setting and enforcing of sustainable recommendations to mitigate investigation findings;
- the intensification of health and safety training and awareness programmes; and
- accelerated rollout of ISO 18001 health and safety management system certification within the division (two business units were certified in 2009).

KPIs	2009	2008
Health and safety spend	R4 366 734	R3 282 453
Medical treatment cases	24	79
Lost time incidents	52	29
Fatalities	5	3
Injury frequency rate (per million man hours)	7.07	Not calculated in 2008 for GFS

TRADING, FINANCIAL SERVICES AND GROUP DIVISIONS

Two medical treatment cases were reported in the year (zero in 2008). A total of R97 500 (R5 460 in 2008) was spent on health and safety audits and safety equipment within these office-based divisions.

Corporate social investment

INTRODUCTION

The main focus of the corporate social investment (CSI) programme was again centred around education, which is regarded by the group as critical to the growth and prosperity of South Africa. This was one of the main drivers for the conclusion of the B-BBEE transaction with Adopt-a-School Foundation (AAS), which sees 100% of the CSI spend of Grindrod (South Africa) (Pty) Limited directed towards AAS initiatives. The group is, however, also involved in environmental, community welfare and health and business development programmes.

In some instances initiatives are managed at the business unit level and are appropriate to the circumstances of each business and community within which it operates.

The group spent approximately R2,3 million during 2009 on its CSI programmes (2008: R2,1 million).

In addition, Grindrod Bank spent R2,1 million in 2009 (2008: R1,9 million), mainly through discounted fees to private clients of the bank. These clients are involved in areas such as education, training, environment, arts and culture and health as defined in section 13 of the Financial Sector Charter. Also included in this amount was the monetary value of the time spent by staff on charitable organisations.

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 in respect of school and tertiary education, with a strong bias towards the previously disadvantaged candidates.

A number of bursaries were awarded to black pupils to attend carefully identified high schools in KwaZulu-Natal. The performance of these children is being closely monitored in association with the management of these 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 over a determined period of time.

Continuing on the educational focus, Grindrod, through its association with Project Build, completed an ablution block at Ukusakwabasha School in Bothas Hill and built a maritime centre at Sithengile High School just outside Durban. Grindrod also has a relationship with the Simonstown Maritime School and during 2009, contributed towards the development of new hostel accommodation facilities.

Through the association with Adopt-a-School Foundation (AAS), Grindrod has been involved in the upliftment of King Shaka High School in Umlazi, KwaZulu-Natal which showed a dramatic increase in pass rates for computer studies as a direct result of the new computer laboratory which was built for the school in 2009.

The group has also been involved with the distribution of other educational material to schools and is a supporter of the Fathers Heart Foundation, an organisation operating in the Cato Manor area through practical caring and feeding of teenage orphan children. Another orphan care initiative is the sponsoring of home care and schooling costs for previous street children under the administration of the Durban-based I-Care organisation.

COMMUNITY, WELFARE AND HEALTH

In 2009, Grindrod announced its support for the Boundless Southern Africa Expedition led by Kingsley Holgate.

This four-month expedition crossed Africa from the Indian Ocean to the Atlantic, a 9 000 kilometre journey linking nine countries, seven transfrontier conservation areas, 30 national parks and nature reserves and the communities adjacent to these conservation areas.

This project was about uniting nine countries (Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zimbabwe and Zambia) into one tourist/adventure destination and uplifting the communities in and adjacent to these areas. Grindrod's operational footprint extends into many of the countries who benefited from the project.

Corporate social investment (continued)

The expedition embraced local communities and included the following activities:

- Grindrod donated a container library to the community adjacent to the Tembe Elephant Park;
- the expedition team distributed mobile educational libraries and provided environmental education to schools and communities en route;
- conservation education training to teacher groups;
- distribution of One Net One Life mosquito nets and malaria prevention education to pregnant mothers and young children; and
- distribution of lap desks to remote rural schools together with WHO approved "life straws" (water purifiers) which have been developed as a practical way of preventing disease and saving lives.

From land to sea, Unicorn Shipping received a certificate of appreciation from the United States consul-general, Jill Derderian, commending the company for its participation in the United States Coast Guard's automated vessel rescue system.

Grindrod provides financial support to the Durban-based International Sailors' Society of southern Africa, which provides practical and spiritual support to international seafarers. The Durban-based organisation also co-ordinates its services at the ports in Maputo, East London and Port Elizabeth.

The group continues to support the World Wildlife Fund, southern Africa and other environmental related organisations.

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 (SACOB) and is associated with the National Business Initiative (NBI). The latter organisation applies its resources to fund a diverse range of sustainable development programmes aimed at employment creation, education and schools development. Grindrod participated in presentations aimed at developing more sustainable education and social enterprise development related projects by corporates.

Grindrod continue 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.

Stakeholder engagement

Grindrod continues to build and maintain sustainable relationships with a range of stakeholder groups, particularly in relation to long-term strategic direction and focus on sustainability practices.

The group has further improved relationships with key stakeholders as summarised below:

INVESTORS AND ANALYSTS

- results presentations to investors in Durban, Johannesburg and Cape Town;
- interim and annual results presentation available on our website;
- relevant information is available on our website as well as live SENS and share price feeds;
- local and international investor road shows and one-on-one meetings with major investors, institutions and analysts;
- electronic communication and engagement with a wide range of stakeholders; and
- significant improvements in the disclosure in the annual and interim reports.

CUSTOMERS

- collective meetings with partners and key customers are held at least annually in Durban, Johannesburg and Cape Town;
- cross-marketing within the group is continuously explored and implemented;
- responses to enquiries received via the website;
- a quarterly newsletter, brochures and a corporate DVD have assisted in communicating the group services;
- participation in conferences, exhibitions and trade fairs which are relevant to the group's businesses;
- presentations at other local and international conferences;
- adverts, advertorials, editorials placed in publications relevant to our customer base; and
- one-on-one meetings both locally and internationally at operational level.

MEDIA

- press announcements;
- editorials in relevant publications;
- representatives from various publications are invited to investor feedback presentations, the annual general meeting and client functions; and
- interviews with the chief executive officer (print, television and radio).

GOVERNMENT AUTHORITIES

Meetings and discussions with:

- the South African Department of Trade and Industry regarding the proposed tonnage tax system;
- Government of Mozambique relating to the group’s Maputo port investments;
- Namport regarding the group’s Walvis Bay port investments;
- Transnet;
- PetroSA;
- South African Reserve Bank (SARB); and
- Financial Services Board (FSB).

NON-GOVERNMENTAL ORGANISATIONS, COMMUNITIES AND OTHER INDUSTRY INTEREST GROUPS

- Ethics Institute of South Africa;
- various non-governmental organisations (NGOs) for corporate social investment purposes;
- South African Association of Ship Operators and Agents (SAASOA) and Container Liner Operators Forum;
- various communities through corporate social investment programmes;
- Institute of Internal Auditors of South Africa;
- Institute of Directors;
- Institute of Risk Management of South Africa;
- Institute of Chartered Shipbrokers; and
- South African Institute of Chartered Accountants.

Stakeholder engagement (continued)

TRADE UNIONS

- the group has committees and reporting structures in place to engage with various unions and ongoing communication activities. Please refer to page 79 for further details.

STAFF

- specialist committees (e.g. HSE committees, Group Environmental and Climate Change Committee);
- internal newsletters, memoranda and the company intranet. Career section and job opportunities are posted on the website;
- cross-marketing functions in every region twice a year;
- an internal fraud awareness campaign commenced;
- country wide Tip-offs Anonymous® presentations to employees; and
- staff functions, strategic planning sessions and other initiatives on an operational level.

SUSTAINABILITY

- Johannesburg Stock Exchange's (JSE's) Socially Responsible Investment (SRI) Index;
- professional sustainability, HSE and climate change advisors, consultants and auditors; and
- International Maritime Organisation (IMO).

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

Environmental performance

2009 HIGHLIGHTS

Significant progress, both structural (appointments, resourcing) and in terms of setting achievable and quantifiable objectives and targets, was made during the year with respect to managing the company's environmental footprint.

Highlights, with more details in the sections below, include:

- establishment of Grindrod's first Group Environmental and Climate Change Committee reporting to the group chief executive officer. This committee introduces senior executive-level responsibility for Grindrod's environmental impacts and climate change related issues;
- appointment of a senior-level health, safety and environment (HSE) manager in the Freight Services division;
- commencement of an environmental risk audit programme covering all Freight Services division sites;
- the Shipping division achieving, for the fourth year in a row, its target of zero significant oil spills (more than one barrel of oil) for all ships under Grindrod's control;
- the initiation of ISO 14001 environmental management systems (EMS) within the Shipping division and progress with implementation of ISO 14001 in the Freight Services division (two terminal operations received certification);
- progress with setting achievable and quantifiable environmental objectives and targets; and
- using external environmental consultants to conduct selected internal verification of environmental key performance indicator (KPI) data collated from Grindrod group companies for this report.

SCOPE AND METHODOLOGY

Grindrod's environmental reporting scope follows an equity share approach, accounting for environmental impacts from all operations, even where Grindrod has no control over operating policies, according to the company's share of equity in the organisation. This approach reflects economic interest and the extent of Grindrod's rights to risks and rewards from each operation.

Grindrod is, as always, responsible for and reports on pollution prevention, solid and liquid waste management and water-use for ships that are owned and managed. However, accountability for fuel consumption and the associated greenhouse gas emissions, falls on the company chartering the vessel. The Shipping division in turn charters in and utilises vessels that are owned and managed by a third party. For these vessels Grindrod includes fuel use and associated air emissions in the scope of reporting, but does not maintain records of waste, nitrogen oxides (NOx), sulphur oxides (SOx), water and wastewater.

Measurement of, and reporting on, environmental KPI within Grindrod is 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 Socially Responsible Investment (SRI) Index environmental reporting requirements; and
- best practice within the global shipping and transport industries (Grindrod completed a second global peer sustainability reporting benchmarking exercise).

Environmental Management Systems (EMS) being developed within Grindrod are being driven by, and where appropriate certified against, ISO 14001.

The measurement of, and reporting on, greenhouse gas (GHG) emissions was done in accordance with the international GHG Protocol and shipping GHG emissions are reported in line with the IMO's CO_2 emission indexing working guidelines. Grindrod will participate in the Carbon Disclosure Project (CDP) for the first time in 2010.

PROGRESS WITH ACHIEVING ENVIRONMENTAL OBJECTIVES AND TARGETS

Group level environmental objectives and targets are set each year, in line with the group environmental policy (see company website www.grindrod.co.za). Progress in terms of commitments made last year and several new commitments made in 2009, is summarised in the pages that follow.

Environmental performance (continued)

ESTABLISHING A CULTURE OF 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 at Grindrod.

Performance and progress in 2009

Grindrod's chief executive officer assumes overall responsibility for the group's environmental performance. Grindrod's chief executive officer has signed the group environmental policy 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.

A group level environmental committee was established. The committee which now meets quarterly, comprises senior executives from within the group, with a mandate to oversee the implementation of the group environmental policy adopted by the board in 2008. The committee is chaired by the group company secretary and reports directly to the chief executive officer.

A full-time senior level health, safety and environment (HSE) manager was appointed within the Freight Services division, to match equivalent in place within the Shipping division.

Environmental training and awareness at all levels of the organisation was completed during the year, including:

- senior executives and managers received high level awareness training from external experts during 2009;
- seafarer training conducted by the Unicorn training school based in Durban includes HSE awareness and emergency response training that would reduce environmental impacts in the event of an accident or spill; and
- training continued onboard in terms of each vessel's safety, health, environment and quality (SHEQ) system. Realistic emergency drills are carried out to test shipboard emergency response plans and shore management preparedness to deal with a variety of shipboard emergencies such as oil spills, collisions, fire, flooding or grounding.

Planned improvements and new targets

The incorporation of environmental management performance indicators as part of senior personnel performance assessments is being considered by the Grindrod board for introduction before the end of 2010.

The rollout of ISO 14001 within the Freight Services and Shipping divisions will include ongoing environmental awareness training.

IMPROVING ENVIRONMENTAL DATA MANAGEMENT AND REPORTING

Improve on the accuracy and completeness of environmental data collection from the diverse group operations.

Performance and progress in 2009

Completeness in terms of identifying and understanding material sustainability aspects was improved by holding a workshop in November 2009 and business units identifying their top environmental risks and impacts. This led to a review of the detailed questionnaire/data sheet, sent out at the end of each year to collate environmental KPI – ensuring that the questions posed to, and the data collated from, business units covered material environmental risks and opportunities for the group.

This year, 44 environmental returns from 29 business units (covering 77 sites) were processed, compared to 20 returns from 20 business units in 2008.

Accuracy was improved by checking reported data for 2009 against 2008 data and any significant variances were queried. Furthermore, where data was not provided or measured by a business unit, attempts were made to obtain or best estimate the data, if it was considered material.

Planned improvements and new targets

Remaining gaps in coverage (e.g. water-use, wastewater discharge and solid waste generation was incomplete) were highlighted by this year's environmental performance review. Further management effort will be focused on achieving 100% coverage throughout the group by 2012.

This reporting cycle also revealed that approximately 50% of environmental data is currently based on calculated estimates. The target is to improve the level of measured/verified data to at least 80% by 2012.

Target of 100% coverage in terms of monitoring and reporting on ships emissions.

Grindrod monitors and reports water usage, waste generation and air pollution, NOx and SOx, on all owned vessels. However, Grindrod only operates one of its own vessels (the bunker tanker *Southern Venture*). The remainder are chartered out with clients being responsible for fuel consumption (and associated GHG emissions).

Most of the vessels that Grindrod operates are owned by a third party, or belong to a pool (shared ownership). Where Grindrod operates a vessel and pays for the fuel, whether the company owns the ship or not, Grindrod accounts for the associated GHG emissions.

Grindrod's shipping carbon footprint (GHG emissions) for 2009 comprised fuel consumption on 89 chartered vessels and one owned vessel bunker tanker that the company operated.

Planned improvements and new targets

This year's environmental review revealed is that some of Grindrod's shipping clients apply a different scope and methodology to GHG reporting and are not accounting for fuel usage and/or associated GHG emissions in their reporting (i.e. Grindrod owns the vessel but clients pay for and use fuel).

Towards the end of 2009, Grindrod initiated discussions with the WRI's GHG protocol team to provide insight and guidance to GHG reporting from the Shipping division, given the relative complexity of fuel usage within this division.

By 2012, the goal is to have 100% reporting of fuel and GHG emissions for all ships owned and/or operated by Grindrod and to extend influence over clients that are not accounting for fuel consumption and associated GHG emissions, to do so.

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.

Performance and progress in 2009

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 or non-monetary sanctions for, non-compliance with applicable environmental regulations in any jurisdiction that the company operated in during the year under review.

The external environmental risk audit programme being undertaken within the Freight Services division is identifying non-compliances with local by-laws, the South African National Environmental Management Act, National Water Act and the new Waste Act. The division's new SHE manager is overseeing a management programme to act on all findings. Adequate allocation of resources for improvements at site level have been made.

As verified by internal and external audits, all vessels operated by the Shipping division were once again fully compliant with MARPOL 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 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).

Planned improvements and new targets

Grindrod strives to maintain the record through continued management programmes and the introduction of formalised EMS systems now underway within the Shipping division.

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.

Performance and progress in 2009

Good progress was made during the year with the development of environmental management systems (EMS) in both divisions that have the greatest environmental footprints/risks.

Within the Freight Services division, two terminals, Durban (Maydon Wharf) and Richards Bay, achieved ISO 14001 certification during 2009. Following this, the Freight Services division will roll out formalised EMSs at all business units. An ISO 14001 gap assessment forms part of the environmental risk audit programmes that are currently being undertaken by external professionals within this division and will facilitate this process.

Building on the integrated SHEQ management systems (driven by ISO 9001: 2000) that have been in place on all company owned vessels for several years, the Shipping division formally adopted ISO 14001, with certification within Unicorn Shipping scheduled for the fourth quarter of 2010.

Environmental performance (continued)

All ships are subject to regular 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.

Planned improvements and new targets

The group has set a target of implementation of formalised EMSs based on ISO 14001 at all major land-based sites within the Freight Services division and on all ships owned and/or managed by the company within the Shipping division, by 2012.

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.

Performance and progress in 2009

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

- continued non-use of TBT or lead containing anti-fouling paint;
- all vessels under Grindrod's control have ballast management plans which 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 have signed up to and are certified to the "Cleanship" standard (see http://www.cleanship.info/). These vessels are not allowed to dispose the waste (solid or liquid) whilst at sea. Two vessels (the *Berg* and *Breede*) received Bureau Veritas "Cleanship" notation in 2009;
- Grindrod maintained its policy of not transporting any hazardous waste; and
- a range of other measures are being undertaken on an ongoing basis to ensure full compliance with MARPOL (see "Exceeding legal compliance" section on page 96 and the sections below).

Planned improvements and new targets

Continuous improvements to onboard management systems (driven by the introduction of ISO 14001 on all 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.

Performance and progress in 2009

All of Grindrod's tankers are doubled-hulled. In four out of five oil/chemical tankers, the 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.

Planned improvements and new targets

All future purchases of tankers will be in compliance with this policy.

Ships' wastewater discharge and solid waste disposal whilst at sea to be in strict compliance with MARPOL.

Performance and progress in 2009

Ships' 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.

Planned improvements and new targets

Improving onboard management systems (driven by the 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.

Performance and progress in 2009

The Shipping division achieved, for the fourth year in a row, this target. In one incident, a 200 litre para-xylene chemical spill was fully contained on board the vessel concerned.

Planned improvements and new targets

Strive to maintain record through continued management programmes and the introduction of formalised ISO 14001 EMSs.

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.

Performance and progress in 2009

Continuous improvements to site level environmental management within the Freight Services division, which comprises more than 95% of land-based environmental risks to the group, are underway as a result of the division-wide environmental risk audits being conducted by external professionals and the rollout of ISO 14001 within this division.

Within the Freight Services division, an EIA was submitted to the South African Department of Environmental Affairs and Tourism (DEAT) in December 2009 regarding significant expansions at the Richards Bay operations.

Planned improvements and new targets

Ongoing efforts driven by formalised EMSs at all land-based operations will improve the current handling and storage arrangements of materials that pose a pollution risk.

In the light of new legislation regarding contaminated land (as part of the new Waste Act), Grindrod has identified that the company needs to improve its knowledge of the environmental status of any site that the company plans to occupy or purchase. Grindrod will develop a procedure requiring the completion of an environmental risk assessment prior to occupation or purchase of a site, as well as prior to exiting a site. This will be completed by the end of 2010.

USING NATURAL RESOURCES EFFICIENTLY AND MINIMISING WATER: REDUCING WATER-USE AND WASTEWATER GENERATION

Reduce water-use and wastewater effluent discharge intensity by 10% by 2012.

Performance and progress in 2009

Total measured water usage for 2009 was 195 555 kilolitres compared to 125 000 kilolitres for 2008. The increase was due to expansions, particularly at the Richards Bay terminal and incomplete coverage in 2008, particularly within the Freight Services division. This resulted in water-use intensity increasing from 3.7 kilolitres per million Rand revenue in 2008 to 7.1 kilolitres per million Rand revenue in 2009 (with the marked drop in group revenue also contributing to this increase).

93% of this water footprint is generated by the Freight Services division, which uses large amounts of water to wash machinery, conveyor belts, containers and vehicles and this is where the majority of management effort will be aimed.

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). Total ship-based water usage for ships under company control dropped from 3 500 kilolitres in 2008 to 550 kilolitres in 2009 although this was largely due to boundary and operational changes.

The majority of Grindrod's ships and all new generation ships purchased, have non-water-based vacuum operated sewerage treatment plants, minimising discharge of effluent at sea.

Planned improvements and new targets

The goal remains to reduce water-use intensity (kilolitres per million Rand revenue) and the resulting wastewater effluent discharged by 10% by the end of 2012, with 2010 being set as the baseline.

With this objective and target in place, the focus during 2010 will be to not only improve the accuracy and completeness of water monitoring within the Freight Services division, but also to incorporate water-use and wastewater effluent discharge reduction programmes as part of the ISO 14001 environmental management systems being implemented in this division.

Detailed independent environmental risk audits have been initiated at Freight Services' land-based depots, scheduled for completion by June 2010. The audits are assisting in identifying improvement opportunities for both water usage and wastewater discharge reduction at the depots.

Environmental performance (continued)

USING NATURAL RESOURCES EFFICIENTLY AND MINIMISING WASTE – SOLID WASTE REDUCTION

Improve material recycling to 10% of total solid waste by 2012.

Performance and progress in 2009

Approximately 96 tonnes (1.33% of total) of the total solid waste produced in 2009 (7 159 tonnes) was recycled.

Gaps in reporting of solid waste streams were identified during this year's environmental review.

Planned improvements and new targets

The company is falling short on its commitment to increase material recycling and reducing solid waste going to landfill.

Improved recycling of solid waste streams is going to form a major part of the environmental management programmes that form part of the rollout of ISO 14001 within the group and in the Freight Services division in particular. Grindrod is confident that these efforts, will bear fruit and reduce the company's landfill impacts.

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 kilometre travelled by 5% by 2015.

Performance and progress in 2009

If complete combustion of heavy fuel oil, intermediate fuel oil and marine diesel oil in Grindrod ships and petrol and diesel in Grindrod land-based vehicles were to take place, only water and carbon dioxide (CO_2) would be emitted. However, as such levels of efficiency are not achievable in practice, trace amounts of unburnt hydrocarbons (HC), carbon monoxide (CO), nitrogen oxides (NOx), benzene, particles (PM), volatile organic components (VOC) and sulphur dioxide (SO_2) are emitted in addition to water and CO_2. These pollutants all contribute to air quality degradation and some of them are key greenhouse gases (see next section). 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.

The consumption and emission of ozone-depleting refrigerant gases by Grindrod is negligible. Refrigerant gases used by ships and land-based operations is predominantly CFC-free R22 and R404A.

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 by 5% by 2015 (using SOx and NOx as the KPI and 2010 as the baseline).

A centralised fleet management sub-division was established within the Freight Services division, with a central point of entry for new vehicles and spares purchases, maintenance and fuel consumption management. This division will also in future be responsible for assessing the use of bio-fuels.

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. From 2002, sulphur content in diesel has dropped from 5 500 ppm to 3 000 ppm 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 and further reduction in permissible sulphur levels in diesel was introduced (down to 500 ppm).

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.

Planned improvements and new targets

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 meet this objective and target by:

- 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); and
- fitting dedicated low sulphur fuel oil tanks to vessels (three ships have been fitted to date).

The Freight Services division (95% of land-based air emissions) 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 number of trips needed to deliver required volume (underway and ongoing);
- purchasing more fuel efficient vehicles and retrofitting existing vehicles to improve fuel efficiency;
- conduct 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.

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 kilometre by an average (across the transport fleet) by 5% by 2015.

Performance and progress in 2009

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 96% of Grindrod's total estimated carbon footprint (on page 98). 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.

Average per ship CO_2 emissions efficiency (as per IMO guidelines) dropped 25% from 12g CO_2 per tonne. NM in 2008 to 9g CO_2 per tonne. NM in 2009. Grindrod has committed to reducing this by a further 5% to 8.5g CO_2 per tonne. NM by 2014 (i.e. using 2009 as the new base year).

Planned improvements and new targets

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.

2010 will serve as the base year for land-based GHG emissions efficiency reductions. Grindrod will report GHG emissions per kilometre for the transport fleet for the first time in 2010 and has committed to reducing this by 5% by 2015.

Reduce total land-based electricity usage (and associated GHG emissions) by 5% by 2015.

Performance and progress in 2009

As the remaining 4% of the group's carbon footprint comes from using electricity in buildings owned and/or used by the company, the company's electricity efficiency drive forms the second most important element of Grindrod's climate change strategy.

Although total electricity usage for the group in 2009 increased by 11% compared to 2008, this was due to significantly improved coverage in terms of reporting of electricity usage within the group.

Planned improvements and new targets

2008 remains the base year for the 5% reduction target. Energy efficiency management plans form part of the rollout of ISO 14001 within the group and will facilitate the achievement of this goal.

In addition, the establishment of further normalised electricity-use reduction targets for office based electricity usage (e.g. kWh per m^2 of office space or kWh per full time equivalent (FTE)) will be determined by the group environmental and climate change committee in 2010.

USING NATURAL RESOURCES EFFICIENTLY AND MINIMISING WASTE: REDUCE DEPENDENCY ON FOSSIL FUELS

Investigate alternative renewable fuel and energy options where feasible.

Performance and progress in 2009

The economic downturn hampered efforts to invest in alternative energy options.

During 2009, Unicorn Calulo Bunker Services conducted a review of fuel usage, including the use of biodiesel blends.

While fuel reduction devices have been fitted, biodiesel was not found to be economically viable at this stage.

Environmental performance (continued)

Planned improvements and new targets

Future efforts will focus on further opportunities in terms of biofuels and alternatives to coal-fired electricity (e.g. solar and wind).

ENVIRONMENTAL RISK INSURANCE

All of the above efforts significantly lower Grindrod's environmental risks. However, the company is also adequately covered by insurance in the event of a major shipping accident.

Performance and progress in 2009

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.

Planned improvements and new targets

This level of insurance cover will be maintained.

ENVIRONMENTAL FOOTPRINT SUMMARY – GROUP KEY PERFORMANCE INDICATORS AND TRENDS

Key Performance Indicators	2009	2008	2007	Comments
Water and wastewater (kilolitres)				
Water usage	195 555	125 000	100 000	Improved reporting, not comparable year on year
Liquid effluent and process wastewater	166 000	–	–	Estimated
Water-use intensity (kilolitres per million Rand revenue)	7.1	3.7	–	Improved reporting, expansion of Richards Bay terminal
Solid waste (tonnes)				
General – to landfill	3 500	421	606	Improved reporting, not comparable year on year
Galley waste – disposed of at sea in accordance with MARPOL	10	37	–	Reduction as a result of boundary and operational changes
Liquid and solid chemical waste (oils, solvents, sweepings, etc.) not recycled – disposed of as hazardous waste	3 553	57	–	Improved reporting, not comparable year on year
Solid waste – recycled	96	–	–	1.3% of total
Energy, fuel and air emissions				
Total electricity usage (kWh)	16 776 000	15 093 464	14 587 579	
Electricity usage on premises both owned and occupied by Grindrod (kWh)	6 934 514	–	–	
Diesel usage in all land-based vehicles (kilolitres)	20 063	18 671	4 867	
Petrol usage in all land-based vehicles (kilolitres)	250	497	225	50% decrease – reflects shift from petrol to diesel
Air pollution – SOx emitted (tonnes)	222	172	–	Improved reporting
Air pollution – NOx emitted (tonnes)	41	38	–	
Total estimated Scope 1 and 2 GHG emissions (tonnes CO_2-e)*	327 276	450 000	760 000	Decrease largely due to boundary and operational changes
Total estimated GHG emissions including Scope 3 emissions (tonnes CO_2-e)	335 767	Scope 3 not measured	Scope 3 not measured	
Estimated GHG emissions intensity from Scope 1 and 2 emissions (gCO_2-e per Rand revenue)	12.11	13	–	

** See breakdown in table on page 98.*

Environmental performance (continued)

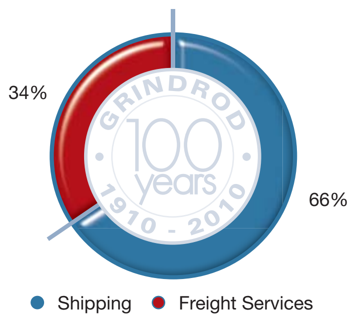
GRINDROD GROUP GHG EMISSIONS 2009 BREAKDOWN

Scope 1 emissions	(tonnes CO_2-e)	Percentage of total
Mobile combustion (of petroleum-based fuels in ships, vehicles, locomotives and site-based equipment such as front-end loaders and forklifts)	321 003	95.6
Stationary combustion	28	
Refrigerant gas emissions	331	
Scope 2 emissions		
Electricity consumption in buildings owned and operated by Grindrod	5 914	1.8
Scope 3 emissions		
Electricity consumption in buildings (operating leases from third parties)	8 485	2.5
Stationary combustion in buildings (operating leases from third parties)	6	
Total	335 767	

Notes:

1. *The 2009 figures are for the whole group and cover 100% of the group in terms of the equity share approach adopted.*
2. *The 2009 review revealed gaps in reporting of refrigerant gas usage, which will be rectified in 2010, although it is unlikely that this will increase the total footprint by more than 1%.*
3. *Emissions resulting from corporate flights and rental cars will be included in future estimates. This is also unlikely to increase the total footprint by more than 1%.*

CARBON FOOTPRINT CONTRIBUTION



DIVISIONAL ENVIRONMENTAL PERFORMANCE

SHIPPING

Grindrod's Shipping division, which comprises Unicorn and Island View Shipping, contributes approximately 66% to Grindrod's carbon footprint. Unicorn owns/part-owns several vessels, most of which are chartered out and used by third parties. Island View Shipping owns, charters in and operates vessels that are owned by third parties. The majority of the Shipping carbon footprint is from the vessels chartered in and utilised in the Parcel Service of Island View Shipping.

In terms of calculating Grindrod's carbon footprint, the company applied the principle that where Grindrod accounts for fuel usage, the company accounts for the associated GHG emissions. Grindrod typically accounts for fuel in vessels that it operates. This means that the majority of the shipping carbon footprint is from the vessels chartered in by Island View Shipping. As Grindrod does not own these vessels, the company has little control over technological fuel efficiency measures, which in turn significantly limits the company's ability to reduce GHG emissions and/or other pollutants.

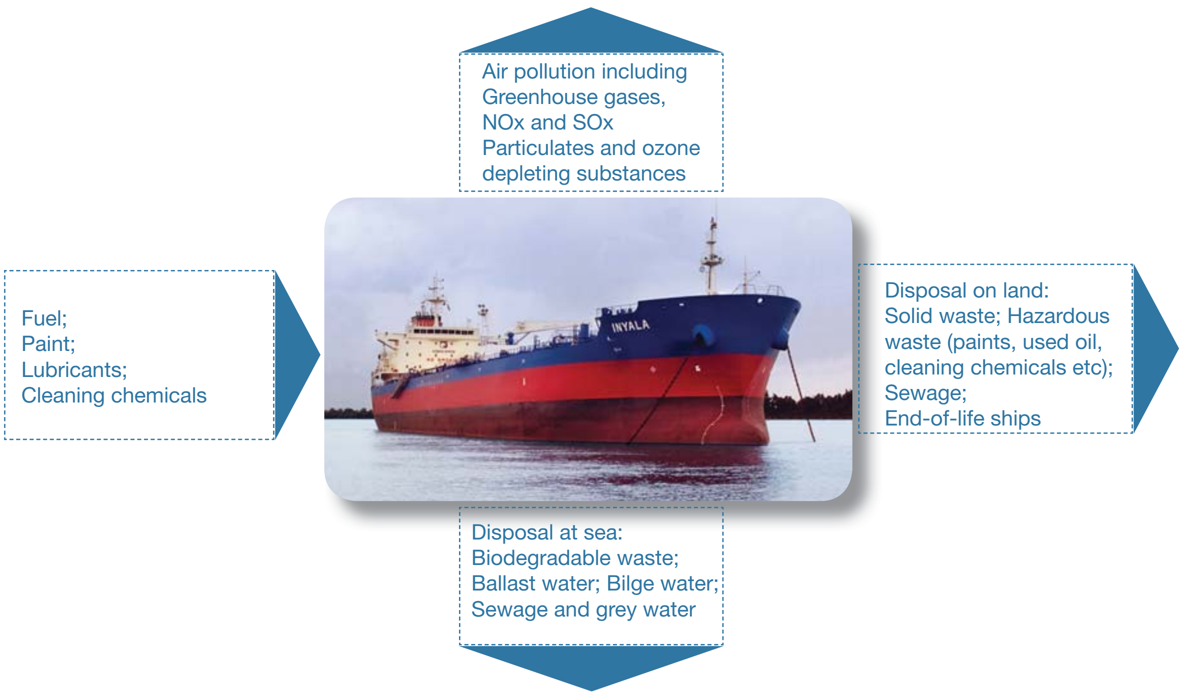
Unicorn Calulo Bunker Services plans to reduce engine emissions by 20% by June 2010. This will be achieved by:

- conducting a baseline audit of engine and generator emissions (underway);
- reducing generator operating hours by utilisation of shore power where possible; and
- fitment of fuel conditioning units on the engine and generator fuel supply lines to condition and clean fuel, improving combustion efficiency and reducing emissions accordingly.

However, in line 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 all owned vessels. All vessels can generate potable water from sea water, and consumption is therefore kept to a minimum. Solid waste contributes 6% to the group's total waste generation.

No marine pollution incidents were recorded for any vessels that Grindrod has operational control over.

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



Environmental performance (continued)

ENVIRONMENTAL FOOTPRINT – SHIPPING

Key performance indicators	2009	2008	Comments
Water usage and wastewater discharged (kilolitres)			
Water usage	548	3 467	Reduction as a result of boundary and operational changes (i.e. number of ships generating water during the year) as opposed to water conservation efforts per se)
Liquid effluent and process wastewater	1 390	Not measured	
Water-use intensity (kilolitres per million Rand revenue)	0.7	–	
Liquid effluent (domestic/toilet) – disposed of at sea in accordance with MARPOL	4 799	2 277	
Solid and liquid chemical waste (tonnes)			
Solid waste – general (to landfill)	50	84	
Liquid chemical waste (oils, solvents, etc.) – disposed of at landfill sites as hazardous waste	219	Not measured	
Galley waste – disposed of at sea in accordance with MARPOL	10	37	
Solid waste – recycled	17	Not measured	
Energy, fuel and air emissions			
Total electricity usage (kWh)		Included in group total figures (offices are located in Durban)	
Total marine diesel oil consumed (kilolitres)	3 423	7 154	
Total heavy fuel oil consumed (kilolitres)	–	108 396	
Total intermediate fuel oil (kilolitres)	65 000	Included in above figure	
Air pollution – SOx emitted (tonnes)	214	164	
Air pollution – NOx emitted (tonnes)	41	38	
Total estimated GHG emissions in the shipping division (tonnes CO_2-e)	215 677	380 000	Decrease largely due to boundary and operational changes
Average per-ship CO_2 emissions efficiency (as per IMO guidelines) (gCO_2-e per tonne-NM)	9	12	For the chartered vessels operated in the Shipping division
Range per-ship CO_2 emissions efficiency (gCO_2 per tonne-NM)	6 – 31	2 – 33	
Estimated GHG emissions intensity from Scope 1 and Scope 2 emissions – Shipping division (gCO_2-e per Rand revenue)	24	20	

Note: Fuel consumption figures and total estimated GHG emissions are from 89 chartered in vessels and one owned – and does not include fuel/emissions from Grindrod owned vessels that are chartered out, where clients pay for fuel and are responsible for accounting for the resulting emissions.

FREIGHT SERVICES

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 involvement in rail and seafreight 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.

Freight Services company Grindrod Logistics Perishable Cargo Agents (Grindrod PCA) participated in a world-first initiative in 2009, whereby four South African perishable freight agents signed what is believed to be the first CO_2 compensation agreement. In terms of the agreement, led by Air France Cargo and KLM Cargo, Grindrod PCA compensated at least 50% of the CO_2 emitted by the transportation of fruit during the months November and December 2009.

Environmental impacts and risks of the logistics business units include:

- fleet maintenance: storage of oils and solvents and generation of oil-based hazardous waste;
- waste and effluent during maintenance and washing of vehicles;
- storage of bulk fuel, refilling and refuelling activities;
- use of refrigerant gases for the transport of perishable cargo;
- potential for accidents and associated fuel spillages en-route, especially with regards to bulk liquid transport; and
- waste tyres, end-of-life vehicles.

The business units providing a service to the freight industry (including terminals, stevedoring, intermodal) are the greatest water users, consuming 88% of the group's total water consumption (182 589 kilolitres). 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:

- established a divisional environmental committee reporting to the divisional CEO;
- appointed a senior-level health, safety and environment (HSE) manager;
- commenced an environmental risk audit programme covering all Freight Services division sites; and
- set a target of having all business units ISO 14001 certification ready by July 2011.

Key environmental inputs and outputs for Freight Services division

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

Fuel;
Tyres;
Lubricants;
Office-based resources
(e.g. paper, electricity)
Water

General and trade waste;
Hazardous waste;
Tyres;
End-of-life vehicles;
Trade effluent and
wastewater

Environmental performance (continued)

ENVIRONMENTAL FOOTPRINT – FREIGHT SERVICES

Key performance indicators	2009	2008	Comment
Water usage and wastewater discharged (kilolitres)			
Water usage	182 589	111 187	
Liquid effluent and process wastewater	164 000	Not measured	Estimated – based on water consumption
Water-use intensity (kilolitres per million Rand revenue)	48.3	–	
Solid and liquid chemical waste (tonnes)			
Solid waste – general (to landfill)	3 400	295	
Liquid and solid chemical waste (oils, solvents, sweepings, etc.)	3 334	297	
Solid waste – recycled	76	Not measured	
Energy, fuel and air emissions			
Total electricity usage (kWh)	15 370 677	14 538 700	
Diesel usage in land-based vehicles (kilolitres)	20 062	18 653	
Petrol usage in land-based vehicles (kilolitres)	196	448	
Air pollution – SOx emitted (tonnes)	8.42	7.83	
GHG emissions from combustion of diesel and petrol in owned or operated mobile land sources (fleet, locomotives, moving machinery, etc.) (tonnes CO_2-e)	55 034	50 939	
GHG emissions as per equity share from combustion of marine diesel oil and heavy fuel oil in seafreight (Ocean Africa Container Lines) (tonnes CO_2-e)	50 239	Not measured	
GHG emissions from combustion of petrol and diesel in back-up generators (of which some are Scope 3 emissions as they are operated on leased property under operating lease agreements) (tonnes CO_2-e)	34	Not measured	
GHG emissions from refrigerant gas use in the Perishable Cargo business unit (tonnes CO_2-e)	299	Not measured	
Scope 2 and Scope 3 emissions from use of purchased electricity (tonnes CO_2-e)	Scope 2 – 5 914 Scope 3 – 8 417		
Fleet fuel efficiencies (kg CO_2 per km)	Auto Carriers – 1.18 Logistics Furniture – 0.89 Bulk Transport – 1.36	Not measured	
Estimated GHG emissions intensity from Scope 1 and Scope 2 emissions – Freight Services division (gCO_2-e per Rand revenue)	44	54	

TRADING

The Trading division (comprising Oreport, Cockett Marine Oil and Atlas Trading and Shipping) has offices in South Africa, the United Kingdom, France, Singapore, South Korea and China. All offices are leased under operating lease agreements.

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 the generation of hazardous waste, including fluorescent light bulbs and redundant electronic equipment (e-waste). Water consumption is generally covered in rental agreements and not measured.

Paper waste is a significant source of waste. This year an estimated 30% of paper waste was recycled. The aim is to improve this to 100% by 2015.

Selected energy and GHG emissions for Trading division	
Electricity consumption	114 587 kWh
GHG emissions from electricity, taking into account the different emission factors for electricity generation in each country of operation (all are Scope 3 emissions as all are from electricity used within an operating lease agreement).	67.8 tonnes CO_2-e
GHG emissions from company vehicles	53.25 tonnes CO_2-e

Note: Other KPIs have been incorporated in group totals.

FINANCIAL SERVICES AND HEAD OFFICE

Historically Grindrod used individual servers. Now a single data centre is used, which uses much less electricity and generates less heat.

The IT department undertakes assessments of power-saving attributes prior to acquiring new equipment.

Grindrod has identified that there are not adequate facilities for receiving and handling e-waste in South Africa and is in discussions with HP to explore improved take-back possibilities. Grindrod's IT department also facilitates used cartridge and paper recycling.

Selected environmental KPIs for head office and Financial Services	
Electricity consumption for Grindrod House, Grindrod Mews and Mansion House (Grindrod Durban head office buildings)	1 290 736 kWh
GHG emissions from purchased electricity (Scope 2)	1 122 tonnes CO_2-e
Water consumption	11 964 kl

Note: Other KPIs have been incorporated in group totals.

G3 GRI content index

The Global Reporting Initiative (GRI) is a global multistakeholder network of thousands of experts worldwide, who participate in the GRI's working groups and governance bodies to provide a universally accepted, trusted and credible framework for sustainability reporting. The following table provides a summary of Grindrod's reporting against the criteria of the Global Reporting Initiative's Sustainability Reporting Guidelines (www.globalreporting.org).

NR – Not reported
N/A – Not applicable

GRI reference	Description	Page number
Strategy and profile		
1.1	CEO statement	14 – 17
1.2	Description of key impacts, risks and opportunities	74 – 77
Organisational profile		
2.1	Name of the organisation	1
2.2	Primary brands, products and/or services	1 – 5
2.3	Operational structure of the organisation	4 – 5
2.4	Location of organisation's headquarters	1
2.5	Number of countries where the organisation operates	1
2.6	Nature of ownership and legal form	1 – 5
2.7	Markets served	1, 16, 28, 42
2.8	Scale of the reporting organisation	1
2.9	Significant changes to company during the reporting period	14 – 16, 28, 42, 53
2.10	Awards received in the reporting period	80
Report parameters		
3.1	Reporting period	58
3.2	Date of most recent previous report	Company website
3.3	Reporting cycle	Annual
3.4	Contact point for questions regarding the report or its contents	185
3.5 – 3.11	Report scope and boundary	58, 89
3.12	GRI content index	104 – 105
3.13	Assurance	58, 66
Governance, commitments and engagement		
4.1 – 4.10	Corporate governance	59 – 64
4.11 – 4.13	Commitments to external initiatives	85 – 86
4.14 – 4.17	Stakeholder engagement	87 – 88
MANAGEMENT APPROACH AND PERFORMANCE INDICATORS		
Economic performance		
	Management approach	NR
EC1	Direct economic value generated and distributed	58
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	95
EC3	Coverage of the organisation's defined benefit plan obligations	58
EC4	Significant financial assistance received from government	NR
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	NR
EC7	Procedures for local hiring and proportion of senior management hired from the local community	79 – 81
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or *pro bono* engagement	85 – 86
EC9	Understanding and describing significant indirect economic impacts	NR
Environmental performance		
	Management approach	89
EN1 – EN2	Materials and recycling	94, 97, 100,102
EN3 – EN7	Energy and energy conservation	95, 97, 100,102
EN8 – EN10	Water and water conservation	93, 97, 100,102
EN11 – EN15	Biodiversity and natural ecosystem impacts	92 – 93, 97, 100, 102
EN16 – EN18	Greenhouse gas (GHG) emissions	95, 97, 100, 102
EN19	Emissions of ozone-depleting substances	99
EN20	NOx, SOx and other significant air emissions	94 – 95, 97, 100, 102

NR – Not reported
N/A – Not applicable

GRI reference	Description	Page number
Environmental performance (continued)		
EN21	Water discharge	93, 97, 100, 102
EN22	Waste	94, 97, 100, 102
EN23	Total number and volume of significant spills	93
EN24	Transport of hazardous waste	92
EN25	Impacts to water bodies by discharges of water and run-off	92 – 93
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	NR
EN27	Packaging materials reclaimed	94, 97, 100, 102
EN28	Fines and non-monetary sanctions for environmental non-compliance	91
EN29	Environmental impacts of transporting products	92, 94, 99 –102
EN30	Environmental protection expenditure	NR
Social: Labour practices and decent work		
	Management approach	78
LA1 – LA2	Workforce composition	78, 81
LA3	Employee benefits	78, 79, 82
LA4	Collective bargaining agreements (trade unions)	79
LA5	Minimum notice period(s)	79
LA6 – LA9	Occupational health and safety	83 – 84
LA10 – LA11	Training and skills development	82 – 83
LA12	Employee performance and career development reviews	78 – 79
LA13	Employee gender, age, minority group membership and other indicators of diversity	79 – 81
LA14	Ratio of basic salary of men to women by employee category	NR
Social: Human rights		
	Management approach	78, 83
HR1 – HR9	Human rights disclosure	83
Social: Society		
	Management approach	NR
SO1	Impacts of operations on communities	NR
SO2	Business units analysed for risks related to corruption	64
SO3	Anti-corruption policies and procedure training	64
SO4	Actions taken in response to incidents of corruption	N/A
SO5	Public policy positions and participation in public policy development and lobbying	87 – 88
SO6	Contributions to political parties	N/A (None)
SO7	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	N/A
SO8	Fines and non-monetary sanctions for non-compliance with laws and regulations	N/A (None)
Social: Product responsibility		
	Management approach	NR
PR1	Health and safety impacts of products and services	NR
PR2	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	NR (None)
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	NR
PR4	Incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling	NR (None)
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	87
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications	NR
PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	NR (None)
PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data	NR (None)
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	NR (None)

annual financial statements

Directors' responsibility and approval

The directors of Grindrod Limited have pleasure in presenting the annual financial statements for the year ended 31 December 2009.

In terms of the South African Companies Act, 1973, as amended, the directors are required to prepare annual financial statements that fairly present the state of affairs and business of the company and of the group at the end of the financial year and of the profit or loss for that year. To achieve the highest standards of financial reporting, these annual financial statements have been drawn up to comply with International Financial Reporting Standards.

The annual financial statements comprise:

- accounting policies;
- statements of financial position;
- income statements;
- statements of comprehensive income;
- statements of changes in equity;
- statements of cash flows;
- segmental analysis; and
- notes.

The reviews by the chairman, the chief executive officer, the financial director and the detailed operational reports discuss the results of operations for the year and those matters which are material for an appreciation of the state of affairs and business of the company and of the Grindrod group.

Supported by the audit committee, the directors are satisfied that the internal controls, systems and procedures in operation provide reasonable assurance that all assets are safeguarded, that transactions are properly executed and recorded and that the possibility of material loss or misstatement is minimised. The directors have reviewed the appropriateness of the accounting policies and concluded that estimates and judgements are prudent. They are of the opinion that the annual financial statements fairly present in all material respects the state of affairs and business of the company and the group at 31 December 2009 and of the profit for the year to that date. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement.

In addition, the directors have also reviewed the cash flow forecast for the year to 31 December 2010 and believe that the Grindrod group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis and the external auditors concur.

The annual financial statements set out on pages 112 to 173 were approved by the board of directors on 17 February 2010 and were signed on their behalf by:

I A J Clark
Chairman

A K Olivier
Chief executive officer

Certificate by company secretary

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.

C A S Robertson
Company secretary

Durban
17 February 2010

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 2009, the income statement and consolidated income statement, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and consolidated statement of changes in equity and 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 112 to 173.

Directors' responsibility for the financial statements

The company's 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 2009 and the results of their operations 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 and Touche
Registered Auditors

Per A G Waller
Partner

Durban
17 February 2010

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

National Executive: G G Gelink *(Chief executive)*, A E Swiegers *(Chief operating officer)*, G M Pinnock *(Audit)*, D L Kennedy *(Tax & legal and risk advisory),* L Geeringh *(Consulting),* L Bam *(Corporate finance),* C R Beukman *(Finance),* T J Brown *(Clients and markets)*, N T Mtoba *(Chairman of the board),* C R Qually *(Deputy chairman of the board).*

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 2009.

Nature of business
The nature of the group's business is set out under the group profile on pages 1 to 5.

Financial results
The financial results for the year ended 31 December 2009 are set out in detail on pages 122 to 173 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 147 and the share analysis is shown on pages 178 to 179. The directors propose that the authority granted to them to control the unissued shares 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 3 950 000 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 30 cents per ordinary share (2008: 68 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	18.08.2009	04.09.2009	07.09.2009	11.09.2009	14.09.2009	30
Final	17.02.2010	05.03.2010	08.03.2010	12.03.2010	15.03.2010	30

The directors have also declared a dividend of 428 cents per preference share (2008: 623 cents) which will be paid on the same day as the final dividend to ordinary shareholders referred to above.

Directors
Brief *curricula vitae* of the current directors are given on pages 6 to 9. Details of directors' remuneration and the share option schemes appear on pages 67 to 73.

Change in directorate
Messrs M R Faku, M J Hankinson and S D M Zungu were appointed to the board as non-executive directors on 15 December 2009. Ms N T Y Siwendu resigned as a director on 1 January 2010.

According to the company's articles of association, at the forthcoming annual general meeting, Messrs I M Groves, J G Jones, R A Norton, A F Stewart and L R Stuart-Hill retire by rotation. All are eligible and have offered themselves for re-election, with the exception of Mr R A Norton who has not made himself available for re-election and will retire on 19 May 2010.

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

Business address
Quadrant House
115 Margaret Mncadi Avenue
Durban 4000
South Africa

Postal address
PO Box 1
Durban 4000
South Africa

Subsidiary companies
Information on subsidiary and associate companies is contained on pages 137 to 138 and 177 respectively. Reviews of the businesses and performance of the main operating subsidiary companies are covered in the divisional reviews on pages 28 to 55.

International Financial Reporting Standards (IFRS)
The company's financial statements were prepared in terms of International Financial Reporting Standards as issued by the International Accounting Standards Boards (IASB) and are consistent with those applied in the previous year, except for the adoption of the revised IAS 1 Presentation of Financial Statements and IFRS 8 Operating Segments. The adoption of these new standards has resulted in certain disclosure reclassification, but has not resulted in any changes in accounting policy.

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 178 to 179 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 2009 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 had no holding company at 31 December 2009.

Auditors
Deloitte and 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 2009

BASIS OF PREPARATION

Accounting framework

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board 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 per 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 group 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 of exchange ruling at the statement of financial position date.

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 statement of financial position 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.

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 statement of financial position 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 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.

Minority 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 minorities' subsequent share of changes in equity of the subsidiary. On acquisition, the minorities' interest is measured at the proportion of the pre-acquisition fair values of the identifiable assets and liabilities acquired. Losses applicable to minorities in excess of their interest in the subsidiaries' equity are allocated against the group's interest except to the extent that the minorities have a binding obligation and the financial ability to cover losses. Minorities are considered to be equity participants and all transactions with minorities are recorded directly within equity.

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 a 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 and 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 comprises acquisition cost 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 a straight-line basis to an estimated residual value over their useful life to the group.

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 a 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 a 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 estimated residual values, on a 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 value over their useful life 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 subsidiary, associate or jointly controlled entity, 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 lives using a straight-line basis and tested for impairment if there is an indication that it may be impaired.

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 dividends). 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.

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, unless specifically exempt.

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 income statement 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 its 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 and therefore, not depreciated. 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. Cost is determined on a weighted average and 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 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 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 directly 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, with changes in fair value being included in 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.

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 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. 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 (see accounting policy below).

Non-derivative financial liabilities that are designated on initial recognition as financial liabilities held at a 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.

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 sales, freight, charter-hire, handling fee revenue, dividends received, commodity sales, commission and financial institution gross interest and fee income.

Revenue is measured at the amount 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 uncompleted voyages at year-end on the percentage completion basis. Results of uncompleted voyages are included based on estimated voyage result and voyage time elapsed. Anticipated losses for contracts arising on uncompleted 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 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 is deferred by contractual agreement the present value of the fee income is recognised upfront and the accretion is recognised over the duration of contractual receipt.

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 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 directly in equity and the ineffective and over-effective portions are 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 recognised 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 recognised 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 directly in equity and the ineffective portion is recognised in profit or loss. On disposal of a foreign entity, the gain or loss recognised 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 risks 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 statement of financial position 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 is 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 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 of the combination. 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 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 a 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 or 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 a 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 a 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 a 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 payment

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 the company or 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 life 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 reassess 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 boards 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. Note 20 provides more detail on these provisions.

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. 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 rate of return of retirement plan assets, health care 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 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. Note 9 provides more detail.

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. Note 9 provides more detail.

Statements of financial position

at 31 December 2009

	Notes	Group 2009 R000	Group 2008 R000	Group 2007 R000	Company 2009 R000	Company 2008 R000	Company 2007 R000
ASSETS							
Non-current assets							
Ships, property, terminals, vehicles and equipment	3	3 923 378	4 540 514	3 046 945			
Intangible assets	4	830 663	713 046	521 063			
Investments in subsidiaries	5				4 039 294	3 514 371	1 641 825
Investments in joint venture	6				–	–	40 252
Investments in associates	7	283 068	316 746	236 420			
Other investments	8	83 515	50 151	70 374			
Derivative financial assets	9	101 861	141 087	91 876	–	–	9 600
Recoverables on cancelled ships	10	238 589	–	–			
Deferred taxation assets	11	159 088	159 352	138 069	428	7 059	–
Total non-current assets		5 620 162	5 920 896	4 104 747	4 039 722	3 521 430	1 691 677
Loans and advances to bank customers	12	1 483 314	1 049 761	965 964			
Current assets							
Inventories	13	499 804	905 842	684 629			
Trade and other receivables	14	2 973 607	3 529 510	2 543 336	1 188 371	1 643 139	814 568
Taxation		19 745	33 681	4 227	–	3 665	–
Liquid assets and short-term negotiable securities	15	104 092	138 553	228 938			
Cash and cash equivalents		1 917 695	2 403 087	1 254 611	2 057	804	–
		5 514 943	7 010 673	4 715 741	1 190 428	1 647 608	814 568
Non-current assets classified as held for sale	16	12 680	2 245	141 608			
Total current assets		5 527 623	7 012 918	4 857 349	1 190 428	1 647 608	814 568
Total assets		12 631 099	13 983 575	9 928 060	5 230 150	5 169 038	2 506 245
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital and premium	17	13 220	11	189 072	414 161	495 169	492 124
Equity compensation reserve		35 771	12 817	9 868	14 786	12 831	9 868
Non-distributable reserves		106 125	1 547 122	(339 286)			
Accumulated profit		5 582 864	5 152 746	3 518 678	3 822 837	3 298 727	1 240 554
Interest of shareholders of Grindrod Limited		5 737 980	6 712 696	3 378 332	4 251 784	3 806 727	1 742 546
Minority interest		98 146	62 315	60 643			
Interest of all shareholders		5 836 126	6 775 011	3 438 975	4 251 784	3 806 727	1 742 546
Non-current liabilities							
Long-term borrowings	18	920 787	796 958	718 661			
Provision for post-retirement medical aid	19	77 868	77 900	72 819			
Provisions	20	104 347	98 508	40 893			
Income received in advance	21	88 441	151 200	–			
Derivative financial liabilities	9	25 104	36 528	48 562			
Deferred taxation liabilities	11	22 277	18 527	33 224	–	–	6 312
Total non-current liabilities		1 238 824	1 179 621	914 159	–	–	6 312
Deposits from bank customers	22	1 756 126	1 507 046	1 397 073			
Current liabilities							
Trade and other payables	23	2 345 218	3 035 205	2 417 934	977 463	1 362 311	748 885
Provisions	20	10 411	101 048	17 743			
Short-term borrowings and overdraft	18	1 145 774	938 927	1 349 280			
Current portion of long-term liabilities	18	179 902	227 679	238 246			
Current portion of income received in advance	21	29 480	37 800	–			
Taxation		84 045	181 238	64 077	903	–	8 502
		3 794 830	4 521 897	4 087 280	978 366	1 362 311	757 387
Non-current liabilities associated with assets classified as held for sale	16	5 193	–	90 573			
Total current liabilities		3 800 023	4 521 897	4 177 853	978 366	1 362 311	757 387
Total equity and liabilities		12 631 099	13 983 575	9 928 060	5 230 150	5 169 038	2 506 245

Income statements

for the year ended 31 December 2009

	Notes	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
Revenue	24	27 692 041	33 736 910	1 333 104	2 754 919
Other income	25	374 227	559 070	16 860	20 884
Operating expenses	25	(26 631 346)	(31 269 963)	(43 040)	(55 819)
Trading profit		1 434 922	3 026 017	1 306 924	2 719 984
Depreciation and amortisation	25	(292 400)	(240 942)		
Operating profit before interest and taxation		1 142 522	2 785 075	1 306 924	2 719 984
Non-trading items	26	13 881	(163 567)	2 627	11 671
Interest received	27	161 328	138 711	1 382	1 484
Interest paid	27	(252 695)	(314 071)	–	(37)
Profit before share of associates' profit		1 065 036	2 446 148	1 310 933	2 733 102
Share of associate companies' profit before taxation		76 465	66 076		
Profit before taxation		1 141 501	2 512 224	1 310 933	2 733 102
Taxation	28	(188 075)	(243 030)	(48 024)	(48 814)
Profit for the year		953 426	2 269 194	1 262 909	2 684 288
Attributable to:					
Grindrod Limited shareholders		941 786	2 248 782	1 262 909	2 684 288
Minority shareholders		11 640	20 412		
		953 426	2 269 194	1 262 909	2 684 288
Earnings per share (cents)	29				
Basic		193,0	475,7		
Diluted		192,1	469,2		

Statements of comprehensive income

for the year ended 31 December 2009

	Group		Company	
	2009 R000	2008 R000	2009 R000	2008 R000
Profit for the year	953 426	2 269 194	1 262 909	2 684 288
Other comprehensive income				
Exchange differences on translating foreign operations				
Exchange differences arising during the year	(1 107 662)	1 373 214		
Exchange differences arising on hedging of foreign operations	(7 280)	(50 934)		
Reclassification adjustments relating to hedges of foreign operations disposed of in the year	(7 708)	–		
	(1 122 650)	1 322 280	–	–
Cash flow hedges				
(Losses)/gains arising during the year	(316 551)	572 704		
Reclassification adjustments for amounts recognised in profit or loss	455	(2 328)		
	(316 096)	570 376	–	–
Total comprehensive (loss)/income for the year	(485 320)	4 161 850	1 262 909	2 684 288
Total comprehensive (loss)/income attributable to:				
Grindrod Limited shareholders	(499 211)	4 140 799	1 262 909	2 684 288
Minority shareholders	13 891	21 051		
	(485 320)	4 161 850	1 262 909	2 684 288

Statements of cash flows for the year ended 31 December 2009

	Notes	Group 2009 R000	Group 2008* R000	Company 2009 R000	Company 2008 R000
OPERATING ACTIVITIES					
Cash receipts from charter-hire		1 291 284	2 747 866		
Cash receipts from freight		2 378 269	2 590 718		
Cash receipts from invoiced sales		2 011 958	2 208 591		
Cash receipts from commodity sales		20 427 789	24 397 014		
Interest income from financial institution		172 678	202 660		
Interest expense from financial institution		(133 426)	(169 436)		
Dividend income from financial institution		15 672	9 524		
Corporate and structured finance fee income and other income		87 844	50 772		
Handling fees and other revenue		51 097	294 217		
Cash receipts from customers		26 303 165	32 331 926		
Cash payments to suppliers and employees		(25 385 418)	(28 978 940)	(1 163)	(2 833)
Cash generated from/(absorbed by) operations	36.1	917 747	3 352 986	(1 163)	(2 833)
Interest received		161 328	138 711	1 382	1 484
Interest paid		(252 695)	(314 071)	–	(37)
Dividends received		78 893	3 035	1 313 721	2 735 806
Dividends paid	36.2	(539 761)	(607 429)	(550 292)	(620 451)
Taxation paid		(240 459)	(176 571)	(36 825)	(74 354)
		125 053	2 396 661	726 823	2 039 615
Net proceeds on disposal of ships		756 728	959 235		
Proceeds on disposal of ships		1 257 467	1 070 101		
Cash payments on ship options exercised		(500 739)	(110 866)		
Capital expenditure on ships		(793 207)	(1 310 419)		
Cash flows from operating activities of financial institutions					
Advances to customers		(433 555)	(83 797)		
Liquid assets and short-term negotiable securities		34 461	90 385		
Deposits from customers		249 081	109 973		
Net cash flows (utilised in)/from operating activities		(61 439)	2 162 038	726 823	2 039 615
INVESTING ACTIVITIES					
Property, terminals, vehicles and equipment acquired	36.3	(359 095)	(513 997)		
Replacement of property, terminals, vehicles and equipment		(1 387)	(1 805)		
Additions to property, terminals, vehicles and equipment		(357 708)	(512 192)		
Acquisition of associate and other investments		(10 319)	–	–	(128 264)
Acquisition of subsidiaries and joint ventures	36.4	(208 725)	(334 085)		
Acquisition of intangible assets		(36 283)	(916)		
Proceeds on disposal of property, terminals, vehicles and equipment		39 346	277 405		
Proceeds from disposal of investments	36.5	12 152	63 219	482	–
Loans advanced to associate companies		27 386	(15 415)		
Net advances to subsidiaries				(442 044)	(1 913 592)
Net cash flows used in investing activities		(535 538)	(523 789)	(441 562)	(2 041 856)
FINANCING ACTIVITIES					
Proceeds from issue of ordinary share capital		13 209	3 045	12 709	3 045
Repurchase of ordinary share capital		–	(212 936)	(296 717)	–
Minority investment in subsidiary		3 780	–		
Loan from minorities		15 853	–		
Long-term borrowings raised		591 700	643 071		
Payment of capital portion of long-term borrowings		(447 341)	(637 433)		
Short-term loan raised/(repaid)		381 783	(436 589)		
Net cash flows from/(utilised in) financing activities		558 984	(640 842)	(284 008)	3 045
Net (decrease)/increase in cash and cash equivalents		(37 993)	997 407	1 253	804
Cash and cash equivalents at beginning of year		1 975 106	711 739	804	–
Difference arising on translation		(267 831)	265 960		
Cash and cash equivalents at end of year	36.6	1 669 282	1 975 106	2 057	804

** Restated*

Statements of changes in equity

at 31 December 2009

GROUP	Ordinary share capital R000	Preference share capital R000	Share premium R000	Equity compensation reserve R000
Balance at 31 December 2007	9	2	189 061	9 868
Share options exercised			3 045	
Share-based payments				2 865
Repurchase of shares			(192 106)	
Minority interest acquired				
Minority interest disposed				
Profit for the year				
Other comprehensive income				84
Total comprehensive income	–	–	–	84
Dividends paid				
Balance at 31 December 2008	9	2	–	12 817
Share options exercised			13 209	
Share-based payments				22 954
Minority interest acquired				
Profit for the year				
Other comprehensive income				
Total comprehensive income	–	–	–	–
Dividends paid				
Balance at 31 December 2009	**9**	**2**	**13 209**	**35 771**
ANALYSIS OF HOLDING COMPANY AND SUBSIDIARY INTERESTS				
Holding company	9	2	414 150	14 786
Subsidiaries			(400 941)	20 985
	9	2	13 209	35 771

COMPANY	Share capital R000	Preference share capital R000	Share premium R000	Equity compensation reserve R000
Balance at 31 December 2007	9	2	492 113	9 868
Share options exercised			3 045	
Share-based payments				2 963
Total comprehensive income				
Dividends paid				
Balance at 31 December 2008	9	2	495 158	12 831
Share options exercised			12 709	
Repurchase of shares			(93 717)	
Share-based payments				1 955
Total comprehensive income				
Dividends paid				
Balance at 31 December 2009	**9**	**2**	**414 150**	**14 786**

	General risk reserve R000	Foreign currency translation reserve R000	Hedging reserve R000	Accumulated profit R000	Interest of shareholders of Grindrod Limited R000	Minority interest R000	Interest of all shareholders R000
	5 525	20 776	(365 587)	3 518 678	3 378 332	60 643	3 438 975
					3 045		3 045
					2 865		2 865
				(20 833)	(212 939)		(212 939)
					–	(320)	(320)
					–	532	532
				2 248 782	2 248 782	20 412	2 269 194
	(5 525)	1 372 491	519 442	5 525	1 892 017	639	1 892 656
	(5 525)	1 372 491	519 442	2 254 307	4 140 799	21 051	4 161 850
				(599 406)	(599 406)	(19 591)	(618 997)
	–	1 393 267	153 855	5 152 746	6 712 696	62 315	6 775 011
					13 209		13 209
					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)
				(511 668)	(511 668)	(7 693)	(519 361)
	–	275 646	(169 521)	5 582 864	5 737 980	98 146	5 836 126
				3 822 837	4 251 784		
		275 646	(169 521)	1 760 027	1 486 196		
	–	275 646	(169 521)	5 582 864	5 737 980		

	Accumulated profit R000	Interest of shareholders of Grindrod Limited R000
	1 240 554	1 742 546
		3 045
		2 963
	2 684 288	2 684 288
	(626 115)	(626 115)
	3 298 727	3 806 727
		12 709
	(203 000)	(296 717)
		1 955
	1 262 909	1 262 909
	(535 799)	(535 799)
	3 822 837	4 251 784

Segmental analysis

at 31 December 2009

During the year, the group adopted IFRS 8 Operating Segments as per note 1. This has resulted in the identification of the following five main segments, namely Shipping, Trading, Freight Services, Financial Services and Group costs. 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 28 to 55 of the annual financial statements.

Business segments	Shipping 2009 R000	Shipping 2008* R000	Trading 2009 R000	Trading 2008* R000
Revenue – external	4 918 406	7 069 205	20 335 439	24 022 393
Revenue – internal	152 817	485 490	334 711	2 558 690
Trading profit (excluding amortisation)	774 174	2 387 638	255 743	230 429
Depreciation and amortisation	(126 882)	(95 337)	(6 479)	(8 491)
Operating profit	647 292	2 292 301	249 264	221 938
Non-trading items	16 496	(195 511)	(2 120)	170
Share of associate companies' profit	–	–	–	–
Segment result excluding net interest and taxation	663 788	2 096 790	247 144	222 108
Interest received	54 648	27 415	33 161	59 101
Interest paid	(124 306)	(119 976)	(48 285)	(110 283)
Taxation	(54 242)	(70 604)	(42 359)	(25 066)
Profit for the year	539 888	1 933 625	189 661	145 860
Minority interest	1 151	(4 129)	12	102
Profit attributable to shareholders	541 039	1 929 496	189 673	145 962
Preference dividends	(48 557)	(67 132)	(8 440)	(14 120)
Profit attributable to ordinary shareholders	492 482	1 862 364	181 233	131 842
Capital expenditure	826 722	1 352 782	228 135	279 118
Total segment assets	4 305 187	4 650 269	2 441 361	3 432 067
Segment assets excluding investments in associates	4 305 187	4 650 269	2 441 361	3 432 067
Investments in associates				
Segment liabilities	(1 402 000)	(807 529)	(1 758 570)	(2 607 602)

The group's five divisions operate in six principal geographical areas – United States of America/Bermuda, South America, the Middle East, United Kingdom/Europe/Isle of Man, Singapore/Asia/Far East and southern Africa. Refer to the divisional report for detail on the various regions.

Geographic segments	United States of America/ Bermuda 2009 R000	United States of America/ Bermuda 2008 R000	South America 2009 R000	South America 2008 R000
Revenue – External	420 851	527 386	685 879	851 872
Capital expenditure	–	–	86	39
Segment assets	–	–	119 585	216 533

Geographic segments	United Kingdom/Europe/ Isle of Man 2009 R000	United Kingdom/Europe/ Isle of Man 2008 R000	Singapore/Asia/Far East 2009 R000	Singapore/Asia/Far East 2008 R000
Revenue – External	6 857 376	9 008 149	9 938 161	8 261 351
Capital expenditure	376 593	978 220	585 769	481 074
Segment assets	3 555 837	3 954 677	2 292 720	1 855 383

** Restated.*

Freight Services		Financial Services		Group costs		Total	
2009 R000	2008* R000	2009 R000	2008* R000	2009 R000	2008* R000	2009 R000	2008* R000
2 302 323	2 551 792	135 695	93 520	178	–	27 692 041	33 736 910
41 792	67 469	1 982	–	–	–	531 302	3 111 649
387 239	378 102	54 193	46 409	(36 427)	(16 561)	1 434 922	3 026 017
(153 336)	(135 310)	(2 001)	(1 804)	(3 702)	–	(292 400)	(240 942)
233 903	242 792	52 192	44 605	(40 129)	(16 561)	1 142 522	2 785 075
(2 147)	31 774	–	–	1 652	–	13 881	(163 567)
76 465	65 951	–	125	–	–	76 465	66 076
308 221	340 517	52 192	44 730	(38 477)	(16 561)	1 232 868	2 687 584
73 808	56 466	–	(5 755)	(289)	1 484	161 328	138 711
(100 638)	(89 530)	–	5 755	20 534	(37)	(252 695)	(314 071)
(42 529)	(91 504)	(7 983)	(2 541)	(40 962)	(53 314)	(188 075)	(243 029)
238 862	215 949	44 209	42 189	(59 194)	(68 428)	953 426	2 269 195
(3 776)	(8 809)	(8 709)	(7 575)	(318)	–	(11 640)	(20 411)
235 086	207 140	35 500	34 614	(59 512)	(68 428)	941 786	2 248 784
(13 369)	(18 486)	–	–	1 343	8 844	(69 023)	(90 894)
221 717	188 654	35 500	34 614	(58 169)	(59 584)	872 763	2 157 890
344 960	518 593	5 143	8 008	2 669	–	1 407 629	2 158 501
3 641 104	3 636 675	2 199 676	1 920 489	43 771	344 075	12 631 099	13 983 575
3 358 036	3 319 929	2 199 676	1 920 489	43 771	344 075	12 348 031	13 666 829
283 068	316 746					283 068	316 746
(1 723 755)	(2 087 902)	(1 866 877)	(1 634 198)	(43 771)	(71 333)	(6 794 973)	(7 208 564)

Middle East	
2009 R000	2008 R000
3 723 843	5 989 429
–	167
–	1 254 380

Southern Africa		Total	
2009 R000	2008 R000	2009 R000	2008 R000
6 065 931	9 098 723	27 692 041	33 736 910
445 181	699 001	1 407 629	2 158 501
6 662 957	6 702 602	12 631 099	13 983 575

Notes to the financial statements for the year ended 31 December 2009

1. NEW STANDARDS AND INTERPRETATIONS

1.1 New standards and interpretations adopted

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board on a basis consistent with the prior year except for the adoption of the following new and amended standards and new interpretations:

IAS 1 (2007) Presentation of Financial Statements

IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements). In addition, the revised standard has required the presentation of a third statement of financial position as at 1 January 2008 if the group has applied a change in accounting policy. There has been no change in accounting policy in the year ended 31 December 2009. However, to remain comparative with future periods, the group has opted to consistently apply two years of comparative statements of financial position. The application of the revised IAS 1 has affected only the disclosure of the annual financial statements and has had no impact on earnings.

IFRS 8 Operating Segments

The group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the group's reportable segments has changed. In prior years, costs relating to the maintenance of a JSE listing status and other costs necessary for the continuation of the group were allocated to the Shipping, Trading and Freight Services segments based on a 40:20:40 ratio. Management view these costs as not directly related to the segments and hence, in the current year such costs have remained in a segment called Group costs.

1.2 New standards and interpretations not yet adopted

The following standards and interpretations are not yet effective and will be adopted in future years:

IFRS 3 Business Combinations (Revised) (IFRS 3)

The revised IFRS 3 has been issued after completion of the International Accounting Standards Board's second phase of its business combinations project and is now largely aligned with US 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 minorities are involved, step acquisitions and partial disposals. The revised standards are effective from the year ending 31 December 2010 and the group is in the process of evaluating the effects of this standard.

IAS 17 Leases

As part of Improvements to IFRSs 2009, issued in April 2009, the International Accounting Standards Board amended the requirements of IAS 17 Leases regarding the classification of leases of land. Prior to the 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. These amendments are effective for annual periods beginning on or after 1 January 2010 and the group is in the process of evaluating the effects of this amendment.

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.

There have been other statements which have been revised for disclosure items. The group has assessed these amendments and no material impact on the annual financial statements is anticipated.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Reclassification

The cash flow for 2008 has been restated in terms of IAS 7 Cash Flow Statements, in which all capital expenditure relating to dual-purpose assets has been reallocated on the statement of cash flows from investing activities to operating activities.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

	As previously stated R000	Reclassification R000	Restated R000
OPERATING ACTIVITIES			
Cash receipts from charter-hire	2 747 866		2 747 866
Cash receipts from freight	2 590 718		2 590 718
Cash receipts from invoiced sales	2 208 591		2 208 591
Cash receipts from commodity sales	24 397 014		24 397 014
Proceeds from sale of ships and locomotives	1 070 101	(1 070 101)	–
Interest income from financial institution	202 660		202 660
Interest expense from financial institution	(169 436)		(169 436)
Dividend income from financial institution	9 524		9 524
Corporate and structured finance fee income and other income	50 772		50 772
Handling fees and other revenue	294 217		294 217
Cash receipts from customers	33 402 027	(1 070 101)	32 331 926
Cash payments to suppliers and employees	(29 089 806)	110 866	(28 978 940)
Cash generated from operations	4 312 221	(959 235)	3 352 986
Interest received	138 711		138 711
Interest paid	(314 071)		(314 071)
Dividends received	3 035		3 035
Dividends paid	(607 429)		(607 429)
Taxation paid	(176 571)		(176 571)
	3 355 896	(959 235)	2 396 661
Net proceeds on disposal of ships	–	959 235	959 235
Proceeds on disposal of ships	–	1 070 101	1 070 101
Cash payments on ship options exercised	–	(110 866)	(110 866)
Capital expenditure on ships	–	(1 310 419)	(1 310 419)
Cash flows from operating activities of financial institutions			
Advances to customers	(83 797)		(83 797)
Liquid assets and short-term negotiable securities	90 385		90 385
Deposits from customers	109 973		109 973
Net cash flows from operating activities	3 472 457	(1 310 419)	2 162 038
INVESTING ACTIVITIES			
Property, terminals, vehicles and equipment acquired	(1 824 416)	1 310 419	(513 997)
Replacement of property, terminals, vehicles and equipment	(1 805)	–	(1 805)
Additions to property, terminals, vehicles and equipment	(1 822 611)	1 310 419	(512 192)
Acquisition of subsidiaries and joint ventures	(334 085)		(334 085)
Proceeds on disposal of property, terminals, vehicles and equipment	277 405		277 405
Proceeds from disposal of investments	63 219		63 219
Acquisition of intangible assets	(916)		(916)
Loans advanced to associate companies	(15 415)		(15 415)
Net cash flows used in investing activities	(1 834 208)	1 310 419	(523 789)
FINANCING ACTIVITIES			
Proceeds from issue of ordinary share capital	3 045		3 045
Repurchase of ordinary share capital	(212 936)		(212 936)
Long-term borrowings raised	643 071		643 071
Payment of capital portion of long-term borrowings	(637 433)		(637 433)
Short-term loan repaid	(436 589)		(436 589)
Net cash flows utilised in financing activities	(640 842)	–	(640 842)
Net increase in cash and cash equivalents	997 407		997 407
Cash and cash equivalents at beginning of year	711 739		711 739
Difference arising on translation	265 960		265 960
Cash and cash equivalents at end of year	1 975 106	–	1 975 106

	Cost/ valuation	Accumulated depreciation	Group 2009 R000 Carrying value	Group 2008 R000 Carrying value
3 SHIPS, PROPERTY, TERMINALS, VEHICLES AND EQUIPMENT				
Freehold and leasehold properties				
Opening balance	365 770	(48 592)	317 178	294 503
Translation (loss)/gain	(9 354)	122	(9 232)	8 713
Reclassification	143 043	(17)	143 026	9 500
Additions and improvements	27 332	106	27 438	13 499
Acquisition of businesses	–	–	–	353
Disposal of business	(117)	66	(51)	–
Finance costs capitalised	–	–	–	7 766
Disposals	(4 606)	12	(4 594)	–
Depreciation and amortisation	–	(19 293)	(19 293)	(17 271)
Transferred from non-current assets classified as held for sale	–	–	–	115
Closing balance	522 068	(67 596)	454 472	317 178
Ships				
Opening balance	1 907 004	(332 618)	1 574 386	958 238
Translation (loss)/gain	(382 877)	39 851	(343 026)	283 138
Additions	176 597	–	176 597	162 497
Finance costs capitalised	–	–	–	1 623
Disposals	(306 316)	93 401	(212 915)	–
Depreciation and amortisation	–	(87 274)	(87 274)	(59 780)
Reclassification	345 625	(1 707)	343 918	667 478
Transferred to inventory as held for sale assets	–	–	–	(438 808)
Closing balance	1 740 033	(288 347)	1 451 686	1 574 386
Ships under construction				
Opening balance	1 615 212	–	1 615 212	917 332
Translation (loss)/gain	(321 836)	–	(321 836)	396 341
Additions	616 610	–	616 610	1 147 922
Finance costs capitalised	–	–	–	(8 185)
Disposals	(261 423)	–	(261 423)	(136 708)
Reclassification	(334 212)	–	(334 212)	(606 990)
Transferred to recoverables on cancelled ships	(280 469)	–	(280 469)	–
Impairment	–	–	–	(94 500)
Closing balance	1 033 882	–	1 033 882	1 615 212
Property under construction				
Opening balance	336 162	–	336 162	74 243
Translation (loss)/gain	(46 391)	–	(46 391)	12 011
Additions	175 898	–	175 898	238 436
Disposals	(2 202)	–	(2 202)	(24)
Finance costs capitalised	1 333	–	1 333	–
Reclassification	(327 736)	–	(327 736)	11 496
Closing balance	137 064	–	137 064	336 162
Leased ships				
Opening balance	–	–	–	54 916
Translation gain	–	–	–	10 999
Depreciation	–	–	–	(5 021)
Reclassification	–	–	–	(60 894)
Closing balance	–	–	–	–

		Cost/ valuation	Accumulated depreciation	Group 2009 R000 Carrying value	Group 2008 R000 Carrying value
3	**SHIPS, PROPERTY, TERMINALS, VEHICLES AND EQUIPMENT (continued)**				
	Terminals, vehicles and equipment				
	Opening balance	1 009 835	(352 854)	656 981	518 651
	Translation (loss)/gain	(49 075)	6 867	(42 208)	25 867
	Reclassification	175 583	(740)	174 843	(19 968)
	Additions	138 398	–	138 398	243 154
	Acquisition of businesses	19 327	(1 493)	17 834	39 836
	Impairment	–	(3 617)	(3 617)	–
	Disposals	(31 382)	20 640	(10 742)	(31 675)
	Disposal of businesses	(569)	482	(87)	(7 748)
	Depreciation	–	(129 179)	(129 179)	(110 497)
	Transfer to intangible assets	–	–	–	(1 933)
	Transferred to non-current assets classified as held for sale	(4 096)	1 778	(2 318)	1 294
	Closing balance	1 258 021	(458 116)	799 905	656 981
	Leased terminals, vehicles and equipment				
	Opening balance	71 374	(30 779)	40 595	229 062
	Translation loss	(35)	26	(9)	–
	Reclassification	2 788	(2 677)	111	(622)
	Additions	16 158	–	16 158	17 721
	Acquisition of businesses	–	–	–	6 795
	Disposals	(1 893)	1 551	(342)	(201 965)
	Depreciation	–	(10 144)	(10 144)	(10 660)
	Transferred to non-current assets classified as held for sale	–	–	–	263
	Closing balance	88 392	(42 023)	46 369	40 595
	Aggregate	4 779 460	(856 082)	3 923 378	4 540 514

2008 GROUP	Cost/ valuation	Accumulated depreciation	Carrying value
Freehold and leasehold properties	365 770	(48 592)	317 178
Ships	1 907 004	(332 618)	1 574 386
Ships under construction	1 615 212	–	1 615 212
Property under construction	336 162	–	336 162
Terminals, vehicles and equipment	1 009 835	(352 854)	656 981
Leased terminals, vehicles and equipment	71 374	(30 779)	40 595
	5 305 357	(764 843)	4 540 514

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 174.

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$234,4 million (2008: US$366,3 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 R1 810,6 million (2008: R1 613,6 million).

Impairment

In the prior year, three ships were impaired. An over-age bulker was written down to its net realisable value and two newbuilding drybulk ships were written down to their long-term value-in-use.

	Cost/ valuation	Accumulated amortisation and impairment losses	Group 2009 R000 Carrying value	Group 2008 R000 Carrying value
4 INTANGIBLE ASSETS				
4.1 Goodwill				
Opening balance	580 314	(20 841)	559 473	324 834
Translation (loss)/gain	(83 971)	–	(83 971)	65 367
Recognised on acquisition of businesses	189 072	–	189 072	182 839
Disposals	(533)	–	(533)	(580)
Impairment	–	(990)	(990)	(12 987)
Closing balance	684 882	(21 831)	663 051	559 473

Impairment testing of goodwill

During the current year, a goodwill payment was made as a result of a final settlement reached in relation to the acquisition of a trading business. In addition, goodwill relating to International Logistics Lda was impaired as the entity has not been profitable.

The major portion of impairment losses in the prior year relates to goodwill of R8 032 000 associated with LCL Grindrod (Pty) Limited and R2 976 000 associated with King and Sons Mozambique Limitada. In the prior year, the group assessed the recoverable amount of goodwill and determined that the goodwill associated with LCL Grindrod (Pty) Limited and King and Sons Mozambique Limitada was impaired as both entities were incurring losses.

The remaining goodwill was assessed by reference to the value-in-use of the cash-generating units. Discount factors ranging between 8% to 15% per annum (2008: 10% to 16% per annum) 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:

	2009 R000	2008 R000
Shipping	22 125	37 169
Trading	336 714	192 353
Freight Services		
Grindrod Terminals	16 406	16 421
Grindrod Intermodal	25 080	25 080
Grindrod Logistics	79 903	79 761
Grindrod Rail	3 441	–
Grindrod Port Holdings	149 716	191 969
Agencies	9 948	–
Financial Services	19 718	16 720
	663 051	559 473

	Cost/ valuation	Accumulated amortisation and impairment losses	Group 2009 R000 Carrying value	Group 2008 R000 Carrying value
4 INTANGIBLE ASSETS (continued)				
4.2 Other intangible assets				
Opening balance	291 571	(137 998)	153 573	196 229
Translation (loss)/gain	(27 955)	22 891	(5 064)	30 108
Reclassification from ships, property, terminals, vehicles and equipment	78	(30)	48	1 933
Additions	36 283	–	36 283	916
Recognised on acquisition of businesses	–	–	–	24 771
Disposals	(16 984)	(621)	(17 605)	(11)
Reversal/(raising) of impairment	46 887	–	46 887	(62 660)
Amortisation	–	(46 510)	(46 510)	(37 713)
Closing balance	329 880	(162 268)	167 612	153 573
Aggregate	1 014 762	(184 099)	830 663	713 046
Significant intangible assets				
Charterparty agreements				
Net present value of charterparty agreements acquired from a third party in 2005			33 344	29 281
Leases				
Intangible asset raised on acquisition of businesses in prior years in respect of the inherent value attached to beneficial lease agreements			33 832	58 341

Impairment testing of other intangible assets

The prior year impairment loss relates to the charter party agreements acquired from a third party in 2005 and which was impaired by R62 660 000 as a result of a decline in the shipping market rates. The remaining intangible assets were tested by reference to market values.

In the current year, an amount of R46 887 000 relating to the prior year impairment was reversed due to increased activities in shipping markets.

	Company 2009 R000	Company 2008 R000
5 INVESTMENTS IN SUBSIDIARIES		
Investments in subsidiaries	4 024 506	3 501 539
Share-based payments	14 788	12 832
	4 039 294	3 514 371
Details of the investments in subsidiaries are shown on the schedule of interest in subsidiaries on page 175.		
6 INVESTMENTS IN JOINT VENTURES		
Shares at cost	–	–
	–	–

Details of the investments in joint ventures are shown on page 162.

	Effective holding %	Group 2009 R000	Group 2008 R000
7 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		75 308	88 598
Cost of investment	25	–	–
Loan account		75 308	88 598
Erundu Stevedoring (Pty) Limited – cost of investment	49	2 045	2 249
Iron Mineral Beneficiation Services (Pty) Limited – cost of investment	10	10 020	–
Other investments		2	272
Attributable share of accumulated profit at the end of the year		20 253	52 048
Transferred to non-current assets held for sale (investments held at nil cost)		(57)	(1 918)
		283 068	316 746
Directors' valuation		389 422	432 897

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:

	2009 R000	2008 R000
Total assets	115 334	247 675
Total liabilities	(65 697)	(105 049)
Share of current year's profits	36 609	46 093

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:

	2009 R000	2008 R000
Total assets	107 296	77 688
Total liabilities	(66 824)	(60 770)
Share of current year's profits	11 002	1 407

Sociedade de Desenvolvimento de Porto de Maputo, SARL is incorporated in Mozambique and owns the Maputo Port concession. The company is in an accumulated loss position.

The following financial information is pertinent to the company:

	2009 R000	2008 R000
Total assets	319 578	410 177
Total liabilities	(467 825)	(665 025)
Share of current year's profits	–	–

Erundu Stevedoring (Pty) Limited is incorporated in Namibia and provides stevedoring services.

The following financial information is pertinent to the company:

	2009 R000	2008 R000
Total assets	3 741	1 145
Total liabilities	(486)	(446)
Share of current year's profits	1 175	49

Iron Mineral Beneficiation Services (Pty) Limited is incorporated in South Africa and manufactures iron.

The following financial information is pertinent to the company:

	2009 R000	2008 R000
Total assets	9 208	–
Total liabilities	(899)	–
Share of current year's profits	–	–

	Group 2009 R000	Group 2008 R000
8 OTHER INVESTMENTS		
Investment banking portfolio:		
Listed		
Held for trading		
Listed equities at fair value	19 235	19 185
The register of listed investments is available for inspection at the registered office of Grindrod Bank Limited.		
Financial investments		
Pension fund surplus recognised	34 382	29 357
Loans and receivables at amortised cost	30 765	1 609
Loans and receivables transferred to non-current assets held for sale	(867)	–
	83 515	50 151
Directors' valuation	83 515	50 151

Details of the pension fund are detailed in note 19.

9 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:

	Group 2009 R000	Group 2008 R000
Financial assets		
Loans and receivables	6 516 200	6 517 972
Held for trading	386 471	641 569
Derivative financial instruments designated as cash flow hedges	–	152 608
Total financial assets	6 902 671	7 312 149
Total non-financial assets	5 728 428	6 671 426
Total assets	12 631 099	13 983 575
Financial liabilities		
Held at amortised cost	6 532 931	6 707 936
Held for trading	150 527	300 863
Derivative financial instruments designated as cash flow hedges	(68 649)	–
Total financial liabilities	6 614 809	7 008 799
Total non-financial liabilities and equity	6 016 290	6 974 776
Total liabilities and equity	12 631 099	13 983 575

The carrying value of the group financial instruments approximate fair value.

9 FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS

9.1 Forward exchange contracts

The company (*) and group had 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.

The group entered into forward exchange contracts to hedge future commitments which included the purchase of certain ships which delivered in 2008 and the purchase of certain commodities in 2008. The exposure to Rand/US Dollar exchange rate fluctuations has been designated and qualifies as a hedge in line with the group's accounting policy thereon.

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	
	2009 R000	2008 R000
Total change in fair value recognised in operating profit	5 109	6 231

Details of these forward exchange contracts are as follows:

	2009				2008			
		Contract value		Asset/ (liability)		Contract value		Asset/ (liability)
FOREIGN CURRENCY	Average rate	US$000	R000	R000	Average rate	US$000	R000	R000
Purchase US Dollar	7,76	28 211	219 058	7 196	9,67	3 534	34 174	2 641
Purchase US Dollar	7,86	23 652	185 979	(6 966)	10,00	310 466	3 105 603	(17 496)
Sell US Dollar	8,03	500	4 015	324	10,24	195 528	2 001 485	16 845
Sell US Dollar	7,45	10 050	74 853	(324)	–	–	–	–
Sell US Dollar*	–	–	–	–	10,41	10 000	104 100	4 185
		62 413	483 905	230		519 528	5 245 362	6 175

	2009				2008			
		Contract value		Asset/ (liability)		Contract value		Asset/ (liability)
FOREIGN CURRENCY	Average rate	£000	R000	R000	Average rate	£000	R000	R000
Purchase British Pound	12,45	38 372	477 558	(18)	15,49	87 579	1 356 321	(168)
Sell British Pound	11,94	16	191	(3)	–	–	–	–
		38 388	477 749	(21)		87 579	1 356 321	(168)

	2009				2008			
		Contract value		Asset/ (liability)		Contract value		Asset/ (liability)
FOREIGN CURRENCY	Average rate	€000	R000	R000	Average rate	€000	R000	R000
Purchase Euro	–	–	–	–	12,98	16 599	215 411	2
Purchase Euro	11,21	45 098	505 568	(21)	13,39	5 953	79 699	(74)
Sell Euro	10,67	200	2 134	(62)	–	–	–	–
		45 298	507 702	(83)		22 552	295 110	(72)

	2009				2008			
		Contract value		Asset/ (liability)		Contract value		Asset/ (liability)
FOREIGN CURRENCY	Average rate	HK$000	R000	R000	Average rate	HK$000	R000	R000
Purchase Hong Kong Dollar	1,05	101	106	(3)	0,78	100	78	(9)

	2009				2008			
		Contract value		Asset/ (liability)		Contract value		Asset/ (liability)
FOREIGN CURRENCY	Average rate	€000	R000	R000	Average rate	€000	R000	R000
Purchase Euro, sell US Dollar	1,65	14 470	23 890	(2 815)	–	–	–	–

9 FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

9.2 Cross-currency swaps

The group has entered into cross-currency swaps to manage currency risk.

			Nominal value			
MATURITY DATE	Currency	Currency swapped with	Nominal currency amount '000	Nominal swapped currency amount '000	2009 Asset/ (liability) R000	2008 Asset/ (liability) R000
November 2009	GBP	USD	3 903	6 723	–	(3)
January 2009	USD	EUR	1 337	1 046	–	(6 921)
January 2009	USD	EUR	591	471	–	74
January 2009	USD	GBP	5 365	3 326	–	(77)
January 2009	USD	GBP	2 322	1 551	–	2 570
January 2009	ZAR	USD	408	39	–	(502)
January 2009	ZAR	USD	168	17	–	10
1 January 2010 to 30 November 2010	GBP	USD	Various*	Various*	(117)	–
1 January 2010 to 30 November 2010	GBP	USD	Various*	Various*	600	–
1 January 2010 to 30 November 2010	USD	GBP	Various*	Various*	36	–
1 January 2010 to 30 November 2010	EUR	GBP	2	2	1	–
1 January 2010 to 30 November 2010	USD	EUR	27	18	(3)	–
1 January 2010 to 30 November 2010	ZAR	USD	1 286	9 598	6	–
June 2014	USD	ZAR	10 000	61 346	7 495	21 792
December 2014	USD	ZAR	10 000	57 725	11 011	26 158
					19 029	43 101

** Nominal currency swap amounts range from GBP61 000 to GBP695 000 and USD43 000 to USD1 150 000.*

9.3 Forward freight agreements

The group has entered into a number of forward freight agreements which are designated as cash flow hedges, covering the handysize (2008: handysize and capesize) 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 FFA's hedge sales are 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 FFA's is set out in management's critical judgements. At 31 December 2009, there were eight (2008: three) open forward freight agreements, designated as cash flow hedges, maturing as follows:

SETTLEMENT PERIODS		Strike price US$000	Quantity/ duration	Nominal value US$000	2009 Asset/ (liability) R000	2008 Asset/ (liability) R000
1 January 2009 to 31 December 2009	Handysize	19 750	365 days	7 209	–	41 183
1 January 2009 to 31 December 2009	Handysize	20 000	365 days	7 300	–	42 043
1 January 2009 to 31 December 2009	Handysize	28 000	365 days	10 220	–	69 382
1 January 2009 to 31 December 2010	Handysize	12 500	365 days	4 563	(18 413)	–
1 January 2009 to 31 December 2010	Handysize	12 000	365 days	4 380	(19 752)	–
1 January 2009 to 31 December 2010	Handysize	10 000	365 days	3 650	(3 147)	–
1 January 2009 to 31 December 2010	Handysize	10 500	365 days	3 833	(3 309)	–
1 January 2009 to 31 December 2010	Handysize	10 500	365 days	3 833	(3 317)	–
1 January 2009 to 31 December 2010	Handysize	10 750	365 days	3 924	(6 014)	–
1 January 2009 to 31 December 2010	Handysize	11 000	365 days	4 015	(5 343)	–
1 January 2009 to 31 December 2010	Handysize	11 000	365 days	4 015	(2 653)	–
				56 942	(61 948)	152 608
Ineffective cash flow hedge					–	–
Effective cash flow hedge					(61 948)	152 608

9 **FINANCIAL INSTRUMENTS (continued)**

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

9.3 Forward freight agreements (continued)

At 31 December 2009, the sensitivity of the forward freight agreements to a US$1 000 movement in the shipping market prices would have the following effect:

	Group 2009 R000	Group 2008 R000
US$1 000 increase		
Increase in FFA liability	(15 389)	(16 404)
Decrease/(increase) in hedging reserve deficit	15 389	(1 538)
Decrease in profit	–	17 942
US$1 000 decrease		
Decrease in FFA liability	15 389	16 404
(Increase)/decrease in hedging reserve deficit	(15 389)	1 538
Increase in profit	–	(17 942)

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	Strike price US$000	Quantity/ duration	Nominal value US$000	2009 Asset/ (liability) R000	2008 Asset/ (liability) R000
1 October 2008 to 30 June 2009	2 470	5 500 mt	13 585	–	(6 350)
1 October 2008 to 31 December 2009	89 406	450 days	40 233	–	(19 728)
1 January 2009 to 31 March 2009	19 000	90 days	1 710	–	(10 636)
1 January 2009 to 31 December 2009	10 100	365 days	3 687	–	(2 544)
1 January 2009 to 31 December 2009	10 100	365 days	3 687	–	2 226
1 December 2009 to 30 April 2010	485	8 000 mt	3 880	1 459	–
1 December 2009 to 31 December 2010	15 545	440 days	6 840	17 277	–
			73 622	18 736	(37 032)

9.4 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 1 January 2010 and 30 September 2010.

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	2009 (Gain)/loss recognised R000	2008 (Gain)/loss recognised R000
White maize	Purchase	711	13 149	285	295
White maize	Purchase	16 000	33 759	–	(4 361)
Yellow maize	Purchase	5 000	6 991	829	177
Yellow maize	Sales	1 300	(1 925)	(139)	(612)
Corn	Sales	25 273	(23 672)	7 289	(9 422)
Corn	Purchase	2 447	118	398	–
Soya bean meal	Purchase	15 693	45 480	2 417	35 496
Soya bean meal	Sales	646	(206)	170	–
Soya bean	Purchase	28 060	58 357	–	428
Soya bean	Purchase	3 699	–	–	(2 116)
Sunflower	Purchase	–	108	–	(108)
Rice	Purchase	–	22	22	–
Wheat	Sales	37 808	(48 576)	6 744	2 702
Wheat	Purchase	28 568	50 570	(206)	(907)
				17 809	21 572
Mark to market settled through margin account				(909)	3 200
Liability				16 900	24 772

9 **FINANCIAL INSTRUMENTS (continued)**

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

9.4 Futures and options (continued)

FOREIGN CURRENCY	Contract value US$000	Contract value R000	2009 (Gain)/loss recognised R000	2008 (Gain)/loss recognised R000
Purchase US Dollars	44 000	339 632	(101 861)	–
Mark to market settled through margin account			101 861	–
Liability			–	–

9.5 Forward contracts

COMMODITY		Tonnage	Contract value R000	2009 Asset/(liability) R000	2008 Asset/(liability) R000
Wheat	Purchase	237 768	242 311	7 222	9 762
Wheat	Purchase	25 295	44 576	(4 703)	(66 663)
Wheat	Sales	46 133	(84 069)	8 795	11 484
Wheat	Sales	281 277	(386 284)	(8 041)	(7 447)
Soya bean meal	Purchase	35 000	8 262	861	140 509
Soya bean meal	Purchase	166 454	355 814	(4 519)	–
Soya bean meal	Sales	62 335	(193 813)	14 596	21 509
Soya bean meal	Sales	304 945	(228 222)	(4 387)	(40 455)
Soya bean	Purchase	1 002	3 561	–	(72)
Soya bean	Sales	644	(2 066)	(10)	31
Corn	Purchase	137 551	57 390	(11 880)	(11 236)
Corn	Sales	193 261	(224 498)	405	1 540
Corn	Sales	50 000	(13 174)	(2 487)	–
White maize	Purchase	1 003	1 643	17	(549)
White maize	Sales	11 747	(17 814)	(1 632)	1 160
Yellow maize	Purchase	6	8	1	(142)
Yellow maize	Sales	9 403	(13 325)	(1 472)	156
Sunflower	Purchase	8	30	–	29
Sunflower	Sales	32	152	–	36
Fuel	Purchase	1 736	814	86	–
Fuel	Purchase	2 462	1 337	(153)	–
Fuel	Sales	12 535	7 149	(1 777)	–
Other	Purchases	2 168	6 788	870	(5 441)
Other	Sales	3 866	(7 902)	1 211	30 136
Other	Sales	2 260	(7 569)	(870)	(39 416)
				(7 867)	44 931

9.6 Interest rate swaps

The company (*) and group have 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 10,38% per annum (2008: 13,72% per annum) and 17,60% per annum (2008: 14,54% per annum) and mature over the periods as indicated below:

MATURITY DATE	Interest rate	Nominal value R000	2009 Asset/(liability) R000	2008 Asset/(liability) R000
30 June 2009*	Variable to 8,7%	250 000	–	2 048
30 June 2010	Variable to 9,9%	500 000	(6 737)	(10 329)
30 June 2010	Variable to 9,8%	250 000	(3 224)	(5 520)
30 December 2011	Variable to 9,9%	250 000	(2 982)	(3 042)
30 December 2011^	Variable to 10,0%	232 000	(9 961)	(12 397)
Between January 2007 and February 2017#	Various	139 692	(12 158)	(16 120)
Between January 2007 and February 2017#	Various	21 698	–	1 065
			(35 062)	(44 295)

9 FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

9.7 Hedging details

	Group 2009 R000	Group 2008 R000
The abovementioned derivative's hedging details are as follows:		
Ineffectiveness recognised in profit or loss:		
Cash flow hedge	–	1 378

Details of cash flow hedges	2009 <3 months	2009 3 – 6 months	2009 6 – 12 months	2009 >12 months	2008 <3 months	2008 3 – 6 months	2008 6 – 12 months	2008 >12 months
Financial asset	–	–	–	–	36 984	44 723	90 972	–
Financial liability	(26 604)	(17 971)	(17 369)	–	(7 799)	(3 919)	(3 850)	(3 255)

	2009			2008		
	Amount recognised in equity	Amount recycled from equity into		Amount recognised in equity	Amount recycled from equity into	
Reconciliation of cash flow hedge recognised in equity	Hedging reserve R000	Income statement R000	Asset/ (liability) R000	Hedging reserve R000	Income statement R000	Asset/ (liability) R000
Opening balance	(153 855)			365 587		
Amount recognised in equity in the current year	171 781			(125 232)		
Amount removed from equity to income statement	143 860	(143 860)		(442 816)	442 816	
Deferred taxation arising on interest rate swap	455		(455)	(2 328)		2 328
Translation adjustments	7 280			50 934		
Closing balance	169 521	(143 860)	(455)	(153 855)	442 816	2 328
Comprised of:						
Financial instruments	171 394			(151 527)		
Deferred taxation	(1 873)			(2 328)		
	169 521			(153 855)		

9.8 Ship purchase option

The group has the option to purchase a ship in 2011 at an agreed price of US$2 million. If the counterparty to the option elects not to transfer the ship to the group upon exercise of the option, the group is entitled to receive a cash payment of US$13 million. As the estimated market price of the ship is in excess of US$15 million (the point at which it would become beneficial to transfer the ship rather than settle in cash) at 31 December 2009, the fair value of the option has been calculated by discounting the expected cash receipt by the group.

	Group 2009 R000	Group 2008 R000
Ship purchase option	79 758	103 100

9.9 Property purchase option

The group has the option to purchase a property on 31 December 2010 at an agreed price of R10,5 million. As the estimated market price of the property is R12,7 million at 31 December 2009, 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 2009 R000	Group 2008 R000
Property purchase option	2 233	–

9 FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

9.10 Derivative financial instruments

The derivative financial instruments have been disclosed in the statement of financial position as follows:

	2009 Hedging reserve R000	2009 Financial assets R000	2009 Financial liabilities R000	2008 Hedging reserve R000	2008 Financial assets R000	2008 Financial liabilities R000
Forward currency exchange contracts on ships and other trading commitments	(884)	7 520	(10 212)	7 239	23 673	(17 747)
Cross-currency swap	–	19 149	(120)	–	50 604	(7 503)
Forward freight agreements	(61 948)	18 736	(61 948)	152 608	154 834	(39 258)
Futures and options	(101 861)	18 153	(1 254)	–	42 297	(17 526)
Forward contracts	–	34 064	(41 931)	–	216 353	(171 421)
Interest rate swaps	(6 701)	–	(35 062)	(8 320)	3 113	(47 408)
Ship purchase option	–	79 758	–	–	103 100	–
Property purchase option	–	2 233	–	–	–	–
	(171 394)	179 613	(150 527)	151 527	593 974	(300 863)
Less portion due within one year included in trade and other payables/(receivables)	–	(77 752)	125 423	–	(452 887)	264 335
Long-term portion	(171 394)	101 861	(25 104)	151 527	141 087	(36 528)

All of the above financial instruments with the exception of the ship and property purchase options have been classified as Level 1 financial instruments, which indicates that the fair values of the instruments were determined with reference to quoted prices in active markets. The ship and property purchase options are classified as Level 2 instruments which indicate that the fair value was determined with reference to inputs other than quoted prices.

	Group 2009 R000	Group 2008 R000
10 RECOVERABLES ON CANCELLED SHIPS		
Opening balance	–	–
Transferred from ships, property, terminals, vehicles and equipment	280 469	–
Impairment charged to income statement	(30 391)	–
Interest raised on recoverable amount	24 052	–
Translation loss	(35 541)	–
	238 589	–

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
11 DEFERRED TAXATION				
Deferred taxation analysed by major category:				
Capital allowances	(113 692)	(89 771)		
Other timing differences	84 092	106 681	–	(317)
Secondary taxation on companies credits	2 068	9 752	–	7 376
Estimated taxation losses	164 343	114 163		
	136 811	140 825	–	7 059
Reconciliation of deferred taxation:				
Opening balance	140 825	104 845	7 059	(6 312)
Income statement effect	3 044	33 213	(6 631)	13 371
Transfer from non-distributable reserve	(455)	939		
Foreign currency translation adjustment	(5 148)	1 604		
Transferred to non-current liabilities associated with assets classified as held for sale	(80)	–		
(Disposal)/acquisition of businesses	(1 375)	224		
Closing balance	136 811	140 825	428	7 059
Comprising:				
Deferred taxation assets	159 088	159 352	428	7 059
Deferred taxation liabilities	(22 277)	(18 527)		
	136 811	140 825	428	7 059

		Group	
		2009 R000	2008 R000
12	**LOANS AND ADVANCES TO BANK CUSTOMERS**		
	Loans and receivables	1 330 072	898 100
	Held at fair value through profit or loss using year-end market related interest rate yield curves to discount expected future cash flows	153 242	151 661
		1 483 314	1 049 761
	Loans and advances – companies and close corporations	1 156 651	758 174
	Loans and advances – unincorporated businesses	63 965	61 207
	Loans and advances – individuals	94 052	98 096
	Property in possession	3 059	2 997
	Preference shares	144 634	101 477
	Interest accrued	12 343	12 230
	Revaluation of loans held at fair value through profit or loss	12 035	15 580
	Less: impairments against advances	(3 425)	–
		1 483 314	1 049 761
	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.		
	Contractual maturity analysis:		
	Maturity on demand	295 941	143 939
	Maturing within one month	107 496	35 916
	Maturing after one month but within three months	11 621	124 961
	Maturing after three months but within six months	89 794	32 308
	Maturing after six months but within one year	150 177	35 532
	Maturing after one year but within three years	397 424	332 188
	Maturing after three years but within five years	212 794	157 709
	Maturing after five years but within ten years	196 039	157 197
	Maturing after ten years	1 075	2 201
	Interest accrued	12 343	12 230
	Revaluation of loans held at fair value through profit or loss	12 035	15 580
	Less impairment against advances	(3 425)	–
		1 483 314	1 049 761
	Maximum exposure to credit risk	1 486 739	1 049 761
	Exposures with renegotiated terms	–	–
	The maturity analysis of advances is based on the remaining contractual periods to maturity from the statement of financial position date and does not take repayment profiles into account.		
	Sectoral analysis:		
	Agriculture, hunting, forestry and fishing	6 807	1 459
	Mining and quarrying	17 618	17 669
	Manufacturing	38 217	105 853
	Construction	3 449	7 804
	Wholesale and retail trade, repair of specified items, hotels and restaurants	82 289	2 174
	Transport, storage and communication	31 074	72 165
	Financial intermediation and insurance	56 843	47 148
	Real estate	826 591	505 880
	Business services	88 380	123 533
	Community, social and personal services	15 783	17 339
	Private households	58 277	72 194
	Other	257 986	76 543
		1 483 314	1 049 761

		Group 2009 R000	Group 2008 R000
12	**LOANS AND ADVANCES TO BANK CUSTOMERS (continued)**		
	Geographical analysis:		
	South Africa	1 483 314	1 049 761
	Included in loans and advances are fixed rate loans designated as held at fair value through profit and loss:		
	Net book value of loans and advances held at fair value through profit or loss	141 208	136 081
	Revaluation of loans and advances held at fair value through profit or loss	12 035	15 580
	Less: Impairment of loans and advances held at fair value through profit or loss	–	–
	Fair value of loans and advances held at fair value through profit or loss	153 243	151 661
	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)	–	40 647
		2 895	43 542
	Analysis of impairments:		
	Impairments at the beginning of the year	–	3 916
	Net increase in impairments	(3 425)	(428)
	Written off against impairments	–	(3 488)
	Impairments at the end of the year	(3 425)	–
	Analysis of impaired loans and advances:		
	Loans and advances classified as special mention	16 391	39 544
	Loans and advances displaying significant weakness	4 257	1 796
	Carrying amount of impaired loans and advances	20 648	41 340
	Collateral held against impaired loans and advances	19 891	16 433
	Sectoral analysis of impaired loans and advances:		
	Construction	–	71
	Transport, storage and communication	39	–
	Manufacturing	–	2 024
	Community, social and personal services	2 365	1 517
	Real estate	12 334	20 348
	Private households	–	10 416
	Business services	1 653	6 964
	Other	4 257	–
		20 648	41 340
13	**INVENTORIES**		
	Bunkers and other consumables	88 090	31 124
	Commodities		
	Agricultural	353 750	680 647
	Other	8 837	42 394
	Merchandise and containers	49 472	52 967
	Held for sale assets	–	98 710
	Transferred to non-current assets classified as held for sale	(345)	–
		499 804	905 842
	Reconciliation of held-for-sale assets	–	98 710
	Opening balance	98 710	151 939
	Transferred from ships, property, terminals, vehicles and equipment	487 346	438 808
	Transferred to receivables	(75 921)	–
	Additions	458 234	–
	Write-down to net realisable value	–	(65 406)
	Translation gain	30 679	38 976
	Disposals	(999 048)	(465 607)

The fair value less costs to sell of the commodities inventory amounts to R353 866 000 (2008: R682 738 000).

Agricultural and other commodities, amounting to R339 474 000 (2008: R651 317 000) have been ceded to financial institutions in order to secure available borrowing facilities of R420 442 000 (2008: R1 224 002 000).

Notes to the financial statements

for the year ended 31 December 2009

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
14 TRADE AND OTHER RECEIVABLES				
Trade debtors	2 384 850	2 253 441	3	–
Less: allowances for doubtful debts	(51 901)	(37 932)		
Net trade debtors	2 332 949	2 215 509	3	–
Prepayments	57 630	92 680	15	527
Amounts due from subsidiaries			1 188 353	1 636 379
Loans to joint ventures				
Shareholders' loans	40 533	46 896		
Current portion of derivative financial assets (note 9.10)	77 752	452 887	–	6 233
Other receivables	469 125	721 538		
Transferred to non-current assets classified as held for sale (note 16)	(4 382)	–		
	2 973 607	3 529 510	1 188 371	1 643 139
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.				
Included in the current portion of financial assets are the following:				
Forward exchange contracts on ships and other trading commitments	7 520	27 858	–	4 185
Cross-currency swaps	643	–		
Futures and options	16 903	39 097		
Forward contracts	31 718	217 694		
Interest rate swaps	–	2 048	–	2 048
Forward freight agreements	18 735	109 175		
Other	2 233	57 015		
	77 752	452 887	–	6 233
Reconciliation of allowances for doubtful debts				
Opening balance	37 932	22 834		
Acquisition of businesses	4 158	4 348		
Increase in allowance	12 235	15 266		
Allowance utilised	(2 424)	(4 516)		
Closing balance	51 901	37 932	–	–
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.				
Trade debtors have been ceded to financial institutions in order to secure overdraft facilities as follows:	1 340 210	1 598 757		
Trading	1 188 419	1 355 696		
Freight Services	151 791	243 061		
The shareholders' loans to joint ventures do not bear interest and there are no fixed repayment terms.				

	Group 2009 R000	Group 2008 R000
15 LIQUID ASSETS AND SHORT-TERM NEGOTIABLE SECURITIES		
Measured at amortised cost		
Preference shares	33 805	73 683
Statutory liquid assets		
Treasury bills	–	4 492
Negotiable certificates of deposit	70 287	60 378
	104 092	138 553

	Group 2009 R000	Group 2008 R000
16 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Ships, property, terminals, vehicles and equipment		
Leased terminals, vehicles and equipment	2 318	261
Investment in associate	57	1 918
Deferred taxation	80	–
Other investments	867	–
Inventory	345	–
Trade and other receivables	4 382	–
Bank and cash	4 631	66
	12 680	2 245
NON-CURRENT LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		
Trade and other liabilities	(5 193)	–
	(5 193)	–

Business disposals

The group has decided to dispose of certain businesses in its Freight Services division. The major classes of assets and liabilities comprising the operations classified as held for sale at the statement of financial position date have been set out above, net of impairments recognised.

In the prior year, the group decided to dispose of two of its investments.

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
17 SHARE CAPITAL AND PREMIUM				
Authorised				
2 750 000 000 ordinary shares of 0,002 cent each (2008: 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 (2008: 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				
463 381 980 ordinary shares of 0,002 cent each (2008: 478 476 210 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 (2008: 7 500 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each)	2	2	2	2
Share premium	13 209	–	414 150	495 158
Balance at beginning of year	–	189 061	495 158	492 113
Premium on shares issued	13 209	3 045	12 709	3 045
Net premium on shares acquired during the year by group companies	–	(192 106)	(93 717)	–
Total issued share capital and premium	13 220	11	414 161	495 169

3 950 000 ordinary shares (2008: 3 520 000 ordinary shares) with a nominal value of R79,00 (2008: R71,00) were issued for R12 708 421 (2008: R3 045 700).

In the current year, 19 044 230 (2008: nil) ordinary shares and 100 000 preference shares were repurchased from a subsidiary for R287 567 877 (2008: nil) and R9 150 000 (2008: nil), respectively.

In the prior year, 8 776 542 ordinary shares with a nominal value of R175,53 and a share premium of R206 248 561 were purchased by a subsidiary of the group.

In the prior year, 100 000 preference shares with a nominal value of R31,00 and a share premium of R9 533 474 were purchased by a subsidiary of the group.

137 256 (2008: 137 256) cumulative, non-redeemable, non-participating and non-convertible preference shares with a nominal value of R42,55 (2008: R42,55) 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.

	Group 2009 R000	Group 2008 R000
18 INTEREST-BEARING DEBT		
Unsecured		
Aggregate loans	117 920	–
Secured		
Aggregate loans	982 769	1 024 637
Aggregate amounts repayable within one year	(179 902)	(227 679)
Long and medium-term financing	920 787	796 958
Short-term borrowings and overdraft	1 145 774	938 927
	2 066 561	1 735 885
Interest-bearing debt is classified as financial liabilities measured at amortised cost and its carrying value approximates fair value	2 066 561	1 735 885

Group assets of R2 691 511 000 (2008: R3 163 595 000) are pledged as security for loans of R2 246 463 000 (2008: R1 963 564 000).

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 174.

Available facilities

Interest-bearing debt 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 2009, as follows:

	Expiry date	Currency	Interest rate	2009 R000	2008 R000
Long-term debt facilities	12/2018	USD	1,91	30 733	29 646
	12/2018	USD	1,91	30 733	29 646
	06/2014	USD	1,23	82 176	94 500
	12/2014	USD	1,23	82 176	94 500
	06/2018	USD	2,86	184 250	–
	12/2016	USD	1,46	174 669	236 250
	06/2013	USD	2,28	–	7 450
	02/2013	USD	2,28	–	13 233
	02/2018	USD	4,78	90 172	–
	02/2013	USD	2,28	–	3 035
	08/2013	NAD	10,25	–	9 649
	11/2014	ZAR	8,75	26 604	12 185
	12/2017	ZAR	8,75	16 470	–
	various	ZAR	8,46	–	33 956
Short-term borrowing facilities	06/2010	ZAR	10,00	150 000	150 000
	06/2010	ZAR	8,00	100 000	97 207
	12/2010	ZAR	7,60	55 000	300 000
		ZAR	7,60	–	100 000
				1 022 983	1 211 258

The maturity profile of the group's borrowings is as follows:

	1 year R000	2 - 5 years R000	>5 years R000	Group R000
2009				
Interest-bearing debt repayable	1 362 853	530 889	352 721	2 246 463
2008				
Interest-bearing debt repayable	1 190 214	665 618	107 732	1 963 564

		Group 2009 R000	Group 2008 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. The amounts recognised in the financial statements in this respect are as follows:			
Recognised liability at beginning of the year		77 900	72 819
Recognised as an expense in the current year		5 957	7 405
Interest on obligation		5 191	4 721
Current service cost		807	1 134
Actuarial (loss)/gain recognised		(41)	2 070
Other		–	(520)
Contributions paid		(5 989)	(3 822)
Acquisition on purchase of business		–	1 498
Present value of unfunded obligations recognised as a liability at end of the year		77 868	77 900
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	(%)	75,0	75,0

An actuarial valuation was undertaken during 2009.

The effect of an increase or decrease of 1% in the assumed medical cost trend rates are as follows:

		2009		2008	
		Effect of a 1% increase	Effect of a 1% (decrease)	Effect of a 1% increase	Effect of a 1% (decrease)
Aggregate of the current service cost and interest cost	(%)	14,6	(12,0)	14,6	(12,0)
Accrued liability at year-end	(%)	13,6	(11,3)	13,6	(11,3)

The history of experience adjustments is as follows:

	2009	2008	2007	2006	2005	2004
Present value of obligations	77 868	77 900	72 819	62 834	64 944	52 355
Fair value of plan assets	–	–	–	–	–	–
Present value of obligations in excess of plan assets	77 868	77 900	72 819	62 834	64 944	52 355
Experience adjustments on obligations	–	1 567	5 075	30 925	(5 547)	–

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 March 2007 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 has recognised the fund's surplus.

The funded status of the pension fund is as follows:

		Group	
		2009 R000	2008 R000
Actuarial value of assets		119 069	70 594
Present value of liabilities		(72 137)	(41 237)
Unrecognised net gain		(12 550)	–
Actuarial surplus		34 382	29 357
The next actuarial valuations will be performed on 31 December 2010. 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	(%)	9,5	9,6
Salary increase	(%)	6,8	6,2
Pension increase	(%)	4,3	4,4

20 PROVISIONS

	2009 R000	2008 R000
Provision for onerous contracts		
Opening balance	199 556	54 613
Charged to income statement	48 613	273 876
Foreign exchange (gain)/loss	(33 701)	9 961
Utilisation of provision	(106 139)	(138 894)
Closing balance	108 329	199 556
Current portion included under current liabilities	(7 968)	(101 048)
Non-current portion of onerous contract provisions	100 361	98 508
Provision for share price linked option scheme		
Opening balance	–	4 023
Charged to income statement	6 505	12 438
Foreign exchange gain	(76)	–
Expenses charged against provisions	–	(16 461)
Closing balance	6 429	–
Current portion included under current liabilities	(2 443)	–
Non-current portion of share price linked option scheme	3 986	–
Aggregate	104 347	98 508
Onerous contracts		
Cash outflows in respect of the onerous contract provision are expected to arise over the course of the relevant charter period based on current estimates of the loss arising from the contracts. The provision is classified as a financial liability measured at amortised cost and relates to the following specific items:		
Product tanker charter This represents payments that the company is obliged to make under non-cancellable onerous operating ship charter agreements less revenue expected to be earned on the ship charters.	10 915	11 619
Contracts of affreightment and charters (capesize and handysize) This represents scheduled contracts of affreightment on owned or long-term vessels, where the expected costs exceed the expected revenues and the estimated costs of exiting certain future onerous contracts.	97 414	39 945
Charters This represents charter contracts where expected revenue exceeds the contracted cost of chartering in certain vessels.	–	147 992
	108 329	199 556

Provision for share price linked option scheme

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 2009 R000	Group 2008 R000
21	**INCOME RECEIVED IN ADVANCE**		
	Deposit received	117 921	189 000
	Current portion included under current liabilities	(29 480)	(37 800)
		88 441	151 200
	The income received in advance is classified as a financial liability measured at amortised cost.		
22	**DEPOSITS FROM BANK CUSTOMERS**		
	Measured at amortised cost		
	Call deposits	1 031 656	901 173
	Notice and fixed deposits	408 837	540 920
	Prime linked notice deposits	294 268	46 483
	Interest accrued	21 365	18 470
		1 756 126	1 507 046
	Amounts owed to depositors	1 574 839	1 225 460
	Amounts owed to banks	181 287	281 586
		1 756 126	1 507 046
	Contractual maturity analysis:		
	Withdrawable on demand	1 031 656	901 173
	Maturing within one month	140 885	147 527
	Maturing after one month but within six months	347 218	169 306
	Maturing after six months	215 002	270 570
	Interest accrued	21 365	18 470
		1 756 126	1 507 046
	The maturity analysis of deposits is based on their remaining contractual periods to maturity from the statement of financial position date.		
	Sectoral analysis:		
	Banks	181 287	281 586
	Government and public sector	124	28 802
	Individuals	690 432	240 942
	Business sector	884 283	955 716
		1 756 126	1 507 046
	Geographical analysis:		
	South Africa	1 756 126	1 507 046
	Included in deposits are funds from related parties earning interest at market related rates:		
	Directors (directly or indirectly)	102 255	91 737

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
23 TRADE AND OTHER PAYABLES				
Trade creditors	1 337 486	1 604 213	281	32
Accrued expenses	553 583	774 190	4 252	5 059
Operating lease accrual	26 334	30 295		
Loans from joint ventures				
Shareholders' loans	79 674	57 109		
Other payables	195 495	252 247	966	1 099
Shareholders for dividends	32 416	52 816	32 416	46 910
Amounts due to subsidiaries			939 548	1 309 211
Current portion of derivative financial liabilities (note 9.10)	125 423	264 335		
Transferred to non-current liabilities associated with assets classified as held for sale	(5 193)	–		
	2 345 218	3 035 205	977 463	1 362 311

Trade and other payables, other than the current portion of derivative financial liabilities, are measured at amortised cost and their carrying amount approximates fair value. Trade and other payables are predominately non-interest bearing.

Included in the current portion of financial liabilities are the following:

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
Forward exchange contracts on ships and other trading commitments	(10 211)	(21 782)		
Cross-currency swaps	(120)	(4 848)		
Futures and options	(1 254)	(15 049)		
Forward contracts	(41 930)	(172 763)		
Other	(9 960)	(36 713)		
Forward freight agreements	(61 948)	(13 180)		
	(125 423)	(264 335)	–	–

Shareholders' loans comprising amounts due from joint venture parties do not bear interest and have no fixed repayment terms.

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
24 REVENUE				
Revenue comprises net invoiced value of clearing and forwarding, shipping and transport services, gross revenue earned from ship 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	1 422 693	3 082 749		
Freight revenue	2 378 269	2 590 718		
Net invoiced sales	2 011 958	2 208 591		
Sale of commodities	20 427 789	24 397 014		
Ship sales	1 257 467	1 070 101		
Net interest income of the financial institution	39 252	33 224		
Fee income of the financial institution	87 844	50 772		
Dividends received	15 672	9 524	1 313 721	2 735 806
Handling fee and other revenue	51 097	294 217	19 383	19 113
	27 692 041	33 736 910	1 333 104	2 754 919
Analysis of the financial institution's net interest income included in above:				
Interest income	172 678	202 660		
Advances	115 517	120 651		
Preference share dividends, advances portfolio	11 957	11 253		
Balances at banks and short-term funds	34 029	47 626		
Preference share dividends, negotiable securities portfolio	4 627	7 410		
Other short-term securities	9 640	13 973		
(Paid)/received on derivative instruments	(3 092)	1 747		
Interest expense	133 426	169 436		
Call deposits	66 662	96 840		
Notice and fixed deposits	49 892	60 910		
Other interest expense	2 485	–		
Prime linked notice deposits	14 387	11 686		
Net interest income	39 252	33 224		
Interest income calculated using the effective interest method	23 887	4 133		
Interest income at fair value through profit and loss	15 365	29 091		
	39 252	33 224		

Notes to the financial statements

for the year ended 31 December 2009

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
25 OPERATING INCOME BEFORE INTEREST AND TAXATION				
Other income				
Ship option write-up	1 183	3 517		
Foreign exchange gains	95 711	344 137	17 029	23 296
On foreign currency exposure	89 531	336 506	17 029	23 296
On commodity trading	6 180	7 631		
Pension fund surplus recognised	5 000	–		
Other sundry income	59 112	28 564		
Option income	42 955	–		
Cancellation fees	47 950	–		
Net gains/(loss) on financial instruments	122 316	182 852	(169)	(2 412)
	374 227	559 070	16 860	20 884
Operating expenses				
Voyage expenses	2 497 400	3 432 308		
Charter-hire	2 007 784	2 165 845		
Fuel	165 583	413 515		
Port expenses	198 014	206 559		
Provision for onerous voyage contracts	48 613	273 876		
Other voyage expenses	77 406	372 513		
Cost of sales	22 128 878	25 840 857		
Agricultural commodities	6 708 681	7 914 411		
Bunker fuels	11 811 505	14 011 778		
Container handling and logistics	1 247 151	2 152 649		
Merchandise	610 921	194 621		
Ships	1 001 741	713 181		
Other commodities	748 879	854 217		
Distribution and selling costs	50 592	44 380	2 867	3 353
Staff costs	1 017 797	1 054 028	9 476	16 777
Foreign exchange losses	144 654	183 819		
Other operating expenses	792 025	714 571	30 697	35 689
	26 631 346	31 269 963	43 040	55 819
Depreciation and amortisation				
Amortisation				
Leasehold properties	5 279	5 654		
Ships	5 004	7 461		
Depreciation – owned assets				
Ships	75 933	52 319		
Other	143 193	122 114		
Depreciation – capitalised leased assets				
Ships	6 337	5 021		
Other	10 144	10 660		
Amortisation of intangible assets	46 510	37 713		
	292 400	240 942	–	–

		Group		Company	
		2009 R000	2008 R000	2009 R000	2008 R000
25	**OPERATING INCOME BEFORE INTEREST AND TAXATION (continued)**				
	The costs are arrived at after including:				
	Auditors' remuneration				
	Audit fees – current year provision	21 984	20 703	2 720	2 138
	Prior year underprovision	2 265	1 682	107	275
	Fees for other services	6 225	5 374	327	146
	Expenses	413	382		
		30 887	28 141	3 154	2 559
	Operating lease rentals				
	Land and buildings	193 392	146 514		
	Ships	2 010 266	2 203 127		
	Other	5 794	17 708		
		2 209 452	2 367 349	–	–
	Professional fees				
	Administrative and managerial	38 580	38 499		
	Technical/projects	7 682	25 292		
		46 262	63 791	–	–
	Black economic empowerment costs	21 000	–		
	Share-based payments	1 954	2 865		
	Amortisation of residual beneficiary stream	463	960		
	Provision for credit losses/impairment against advances	757	(428)		
26	**NON-TRADING ITEMS**				
	Impairment of ships, property, terminals, vehicles and equipment	(3 617)	(93 772)		
	Impairment of investments	(2 723)	–	(455)	–
	Impairment of goodwill	(990)	(12 987)		
	Impairment of intangible assets	46 886	(62 660)		
	Impairment of cancelled ships	(30 391)	–		
	Negative goodwill released	156	216		
	Profit on disposal of investments	2 081	43 179	3 082	11 671
	Profit/(loss) on disposal of property, terminals, vehicles and equipment	1 674	(1 631)		
	Foreign exchange gains/(losses) realised from non-distributable reserves on disposal of business	805	(35 912)		
		13 881	(163 567)	2 627	11 671
27	**NET FINANCE COSTS**				
	Interest received	161 328	138 711	1 382	1 484
	Net interest paid	(252 695)	(314 071)	–	(37)
	Interest paid	(254 028)	(315 275)	–	(37)
	Interest capitalised	1 333	1 204		
		(91 367)	(175 360)	1 382	1 447
	Interest received is classified as follows:				
	Loans and receivables at amortised cost	161 328	122 446	1 382	1 484
	Fair value through profit and loss	–	16 265		
		161 328	138 711	1 382	1 484
	Interest paid is classified as follows:				
	Financial liabilities held at amortised cost	(222 341)	(280 761)	–	(37)
	Finance leases	(30 354)	(33 310)		
		(252 695)	(314 071)	–	(37)

Net finance costs excludes interest from the financial institution of the group.

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
28 TAXATION				
South African normal taxation				
Current				
On income for the year	(48 295)	(162 615)	(2 680)	(9 649)
Prior year	(3 162)	(11 928)	1 499	–
Secondary taxation on companies	(44 196)	(62 764)	(40 212)	(52 537)
Deferred				
On income for the year	12 848	3 303	745	5 884
Prior year	(14 484)	19 269	–	(106)
On change of rate	–	(3 216)	–	218
On secondary taxation on companies credits	(11 996)	1 257	(7 376)	7 376
Foreign				
Current				
On income for the year	(65 049)	(20 009)		
Prior year	(2 514)	(1 077)		
Deferred				
On income for the year	16 676	11 342		
Prior year	–	1 258		
Associate companies				
Current				
On income for the year	(23 990)	(17 850)		
Deferred				
On income for the year	(3 913)	–		
	(188 075)	(243 030)	(48 024)	(48 814)
Effective rate of taxation	%	%	%	%
Normal rate of taxation	28,0	28,0	28,0	28,0
Adjusted for:				
Current year tax losses utilised	(0,7)	(0,5)		
Exempt income	(14,5)	(6,5)	(28,0)	(28,0)
Non-taxable foreign items	(17,0)	(24,9)		
Non-allowable items	14,2	10,8		
Capital gains taxation	–	0,3		
Secondary taxation on companies	4,1	2,5	3,0	1,8
Deferred taxation on secondary taxation on companies credits	1,1	(0,1)	1,0	–
Change of rate	–	0,1		
Prior year	1,3	–		
Effective rate of taxation	16,5	9,7	4,0	1,8

Subsidiary companies have estimated taxation losses of R650 803 000 (2008: R543 619 000) of which R500 245 000 (2008: R353 152 000) has been utilised in the calculation of deferred taxation.

The Shipping entities within the group operate under the United Kingdom tonnage taxation regime and the Singapore Approved International Shipping Enterprise Incentive (AIS) rules, for corporation 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.

		Group 2009 R000	Group 2008 R000
29 EARNINGS PER SHARE			
Basic earnings reconciliation:			
Profit attributable to Grindrod Limited shareholders		941 786	2 248 782
Less preference dividends		(69 023)	(90 892)
Profit attributable to ordinary shareholders		872 763	2 157 890
Basic earnings per share is based on earnings of		872 763	2 157 890
and			
on the weighted average number of shares in issue for the year	(000's)	452 278	453 640
Diluted earnings per share is based on earnings of		872 763	2 157 890
and			
on the diluted weighted average number of shares in issue for the year	(000's)	454 436	459 930
Reconciliation of weighted average number of shares	(000's)		
Basic average number of shares in issue		452 278	453 640
Shares that will be issued for no value in terms of share option scheme		2 158	6 290
Diluted average number of shares in issue		454 436	459 930
Earnings per share	(cents)		
Basic		193,0	475,7
Diluted		192,1	469,2
Headline earnings per share is based on headline earnings of		857 318	2 321 457
and			
on the weighted average number of shares in issue for the year	(000's)	452 278	453 640
Diluted headline earnings per share is based on headline earnings of		857 318	2 321 457
and			
on the weighted average number of shares in issue for the year	(000's)	454 436	459 930
Headline earnings per share	(cents)		
Basic		189,6	511,7
Diluted		188,7	504,7

	2009 Gross R000	2009 Net 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 38 Impairment of Goodwill	990	990
IAS 38 (Reversal)/impairment of Intangible Asset in respect of Charters	(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

	2008 Gross R000	2008 Net R000
Headline earnings reconciliation:		
Earnings attributable to ordinary shareholders		2 157 890
Adjusted for:		
IAS 16 Impairment of Ships, Property, Terminals, Vehicles and Equipment	93 772	93 772
IAS 16 Impairment of Goodwill	12 987	12 987
IAS 16 Impairment of Intangible Assets	62 660	62 660
IFRS 3 Negative Goodwill Released	(216)	(216)
IFRS 3 Profit on Disposal of Investments	(43 179)	(43 179)
IAS 16 Loss on Disposal of Property, Terminals, Vehicles and Equipment	1 386	1 631
IAS 21 The Effect of Changes in Foreign Exchange Rates on Disposal of Business	35 912	35 912
Headline earnings	163 322	2 321 457

30 SHARE-BASED PAYMENTS

30.1 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 seven years from the option date as follows:

- a fifth of the options granted vest after three years;
- a further fifth of the options vest after four years;
- a further fifth of the options vest after five years;
- a further fifth of the options vest after six years; and
- a further fifth of the options vest after seven 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 ten years after grant.

Options are forfeited if the employee leaves the group before the options vest.

	Group 2009 Number of share options	Group 2009 Weighted average exercise price (cents)	Group 2008 Number of share options	Group 2008 Weighted average exercise price (cents)
Outstanding at the beginning of the year	9 450 000	653	12 970 000	369
Exercised during the year	(3 950 000)	172	(3 520 000)	57
Outstanding at the end of the year	5 500 000	891	9 450 000	653
Exercisable at the end of the year	1 350 000		2 050 000	

The weighted average share price at the date of exercise for the share options exercised during the year was R1,72 (2008: R0,57). Details of the options outstanding at the end of the year are disclosed in the directors' report on page 110.

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.

30.2 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 R6 108 000 (2008: nil).

The group recorded total expenses of R6 108 000 (2008: R12 438 000).

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)

30.2 Cash-settled share-based payments (continued)

The valuation was performed by independent actuaries. The inputs into the model were as follows:

		Group 2009	2008
Share price		1 780	1 530
Expected rolling volatility:			
three-year expected option lifetime	(%)	44,93	43,64
four-year expected option lifetime	(%)	51,12	39,45
five-year expected option lifetime	(%)	46,70	34,82
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	(%)	7,78	9,47
four-year expected option lifetime	(%)	8,50	9,50
five-year expected option lifetime	(%)	9,17	9,56
Expected dividend yield	(%)	3,73	9,50
Forfeiture rate per annum compound	(%)	10,00	10,00

31 CAPITAL COMMITMENTS

	2009	2008
Authorised and contracted for	2 243 062	3 245 998
Due within one year	1 455 328	1 647 309
Due between years one and two	702 953	1 026 383
Due thereafter	84 781	572 306
Authorised and not contracted for	56 434	277 000
	2 299 496	3 522 998
Financing guarantees	43 366	39 655
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	29 560	25 937

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:

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

2008	2009 R000	2010 R000	Thereafter R000	Total R000
Ships	1 376 985	914 023	571 877	2 862 885
Property, terminals, vehicles and equipment	486 324	112 360	429	599 113
Investment in businesses	61 000	–	–	61 000
	1 924 309	1 026 383	572 306	3 522 998

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.

The group's share of the capital commitments (included in above) of its jointly controlled entities referred to in note 35, is as follows:

	2009 R000	2008 R000
Ships	260 219	665 000
Property, terminals, vehicles and equipment	24 500	–
	284 719	665 000

32 CONTINGENT LIABILITIES

The company has guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 757 200 000 (2008: R3 989 900 000) of which R1 569 500 000 (2008: R962 073 000) had been utilised at year-end.

The company has guaranteed charter-hire payments of subsidiaries amounting to R1 711 900 000 (2008: R3 283 800 000). The charter-hire payments are due by the subsidiaries in varying amounts from years 2010 to 2015.

In addition the company has guaranteed the liabilities of two subsidiaries amounting to R228 000 000 (2008: R550 000 000).

UK tonnage taxation authorities are in the process of carrying out detailed reviews of UK tonnage taxation companies to ensure compliance with regulations. The group's UK-based tonnage taxation companies have been subject to these reviews. While the group is confident it has complied with all regulations and requirements, there is a risk that the taxation authorities may attempt to levy additional taxation charges.

The group is engaged in a legal dispute with a shipyard over cancellation of ship newbuilding orders. Although it is anticipated that these issues will be resolved, there is a risk of a financial loss.

The total contingent liabilities incurred by the group arising from interests in joint ventures is R32 947 000 (2008: R32 103 000).

	Group 2009		Group 2008	
	Year-end rates	Average rates	Year-end rates	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	7,37	8,46	9,45	8,27
Euro	10,64	11,78	12,94	12,07
Pound Sterling	11,79	13,23	13,59	15,15
Swedish Krona	1,03	1,09	1,21	1,25
Singapore Dollar	5,29	5,75	6,67	5,79
Danish Krone	1,43	1,54	1,79	1,62
Japanese Yen	0,08	0,09	0,11	0,08
Botswana Pula	1,12	1,19	1,28	1,22
Tanzanian Shilling	0,01	0,01	0,01	0,01
New Mozambican Metical	0,26	0,31	0,38	0,34

	1 year R000	2 - 5 years R000	>5 years R000	Group R000
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 charterparty agreements are as follows:				
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
2008				
Ships	680 487	811 062	–	1 491 549
Property	5 382	6 296	–	11 678
	685 869	817 358	–	1 503 227
34.1.2 Payables				
The minimum future lease and shipcharters payable under non-cancellable operating leases and charterparty agreements are as follows:				
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
2008				
Ships	750 281	2 197 547	927 116	3 874 944
Property	66 198	155 163	129 544	350 905
Terminals, vehicles and equipment	870	2 620	–	3 490
	817 349	2 355 330	1 056 660	4 229 339

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

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 finance institutions, details of which are as follows:

	1 year R000	2 - 5 years R000	>5 years R000	Group R000
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
2008				
Future minimum lease payments	43 415	131 751	–	175 166
Future interest	(1 779)	(1 539)	–	(3 318)
Present value of future minimum lease payments	41 636	130 212	–	171 848

Details relating to redemption dates, interest rates and assets encumbered are set out in the schedule of loan funds on page 174.

			Group 2009 R000	Group 2008 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 Ltd	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	–
Unicorn-Heidmar LLC	Ship operating	(%)	50,0	50,0
Tri-View Shipping Pte Ltd	Shipowning and operating	(%)	51,0	51,0
LCL Grindrod (Pty) Limited*	Seafreight perishable cargo agent	(%)	–	50,0
Vanguard Rigging (Pty) Limited	Machine handling, rigging and transport services	(%)	50,0	50,0
IM Shipping Pte Ltd	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	–
Otjozondu Mining (Pty) Limited	Minerals mining	(%)	25,0	–
East Coast Maritime (Pty) Limited	Minerals trading	(%)	50,0	–
RRL Grindrod (Pty) Limited	Rail operations	(%)	50,0	–
RRL Grindrod Locomotives (Pty) Limited	Rail owning	(%)	50,5	–

* *This investment was disposed of during the current year.*
\# *31 March year-end.*

The proportionate interest in the joint ventures has been incorporated into the results, cash flow, assets and liabilities as follows:

	2009 R000	2008 R000
INCOME STATEMENT		
Revenue	2 663 803	749 146
Operating income before interest and taxation	16 426	242 970
Net interest received/(paid)	378	(6 143)
Taxation	(9 410)	(22 265)
Net income after taxation	7 394	214 562
STATEMENT OF CASH FLOW		
Cash inflow from operating activities	290 564	80 583
Cash outflow from investing activities	(284 490)	(59 559)
Cash inflow/(outflow) in financing activities	86 617	(47 554)
Net cash inflow/(outflow)	92 691	(26 530)
STATEMENT OF FINANCIAL POSITION		
Non-current assets	809 419	844 703
Current assets	526 843	378 919
Non-current liabilities	(99 233)	(8 774)
Current liabilities	(608 692)	(415 674)
Net assets	628 337	799 174
Total liabilities comprise:		
Interest-bearing liabilities	(229 058)	(238 061)
Non-interest-bearing liabilities	(478 867)	(186 387)
The proportionate share of the capital commitments of the joint ventures, which have been incorporated in the group's overall capital commitment detailed in note 31, are as follows:		
Authorised and contracted for	284 719	665 000
Due within one year	284 719	275 000
Due between years one and two	–	144 000
Due between years two and three	–	246 000
Due thereafter	–	–
Authorised and not contracted for	–	–
	284 719	665 000

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
36 CASH FLOW				
36.1 Reconciliation of operating profit before interest paid and taxation to cash generated from/(absorbed by) operations				
Operating profit before interest paid and taxation	1 142 522	2 785 075	1 306 924	2 719 984
Adjustments for:				
Depreciation	240 886	203 229		
Share option expense	22 954	2 865		
Dividends received			(1 313 721)	(2 735 806)
Amortisation of intangible assets and dry-docking	51 514	37 713		
Non-cash financial instruments and foreign exchange gains	(60 213)	(154 687)	169	2 412
Profit on sale of ships and locomotives	(255 726)	(356 920)		
Impairment of held-for-sale assets	–	65 406		
Ship option write-up	(1 183)	(3 517)		
Non-cash provisions/other	(5 030)	3 583	6 064	13 811
Operating profit before working capital changes	1 135 724	2 582 747	(564)	401
Working capital changes				
Decrease/(increase) in inventories	317 626	(175 139)		
Increase/(decrease) in trade and other receivables	(95 104)	604 004	92	(430)
(Decrease)/increase in trade and other payables	(440 499)	341 374	(691)	(2 804)
Cash generated from/(absorbed by) operations	917 747	3 352 986	(1 163)	(2 833)
36.2 Dividends paid				
Dividends paid by company	(539 761)	(607 429)	(550 292)	(620 451)
36.3 Property, plant and equipment acquired				
Additions – property, terminals, vehicles and equipment	(359 095)	(513 997)		
Cash flow on acquisition of property, terminals, vehicles and equipment	(359 095)	(513 997)	–	–
36.4 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	(17 834)	(46 998)		
Non-current assets held for sale	–	(480)		
Financial assets	–	(1 374)		
Working capital	(7 307)	(152 534)		
Cash and bank	7 018	67 908		
Long-term liabilities	5 488	14 790		
Post-retirement medical obligation	–	1 498		
Minority interest	–	136		
Short-term borrowings	–	50 247		
Deferred taxation	–	(224)		
Taxation liabilities	–	8 464		
Goodwill and intangible assets	(189 072)	(207 610)		
Total purchase price	(201 707)	(266 177)		
Less cash and cash equivalents	(7 018)	(67 908)		
Cash flow on acquisition net of cash acquired	(208 725)	(334 085)		

	Group 2009 R000	Group 2008 R000	Company 2009 R000	Company 2008 R000
36 CASH FLOW (continued)				
36.5 Disposal of subsidiaries and joint ventures				
During the 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	–		
Minority interest	26 146	–		
Loans from minority 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	–
36.6 Cash and cash equivalents				
Cash and cash equivalents included in the cash flow comprise the following statement of financial position amounts:	1 922 327	2 403 087	2 057	804
Deposits with the SA Reserve Bank	32 907	27 247		
Bank and cash balances included in non-current assets held for sale	4 632	–		
Interbank call deposits	380 161	508 410		
Bank balances and cash	1 504 627	1 867 430	2 057	804
Bank overdrafts	(253 045)	(427 981)		
	1 669 282	1 975 106	2 057	804

37 ACQUISITION OF SUBSIDIARIES AND JOINT VENTURES

During the year the group acquired the following additional interests:

Company	Percentage acquired	Date of acquisition/ incorporation
RRL Grindrod (Pty) Limited	50,0	01 January 2009
RRL Grindrod Locomotives (Pty) Limited	50,5	01 January 2009
Corrline (Pty) Limited	54,6	01 September 2009

The cash consideration for these businesses totalled R17 519 000 and the incremental profit recognised was R3 562 000.

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 R000
Property, plant and equipment	17 834	17 834
Working capital	7 307	7 307
Cash and bank	(7 018)	(7 018)
Long-term liabilities	(5 488)	(5 488)
Total	12 635	12 635
Goodwill and intangible assets arising on acquisition (refer to note 4 for details)		189 072
		201 707

The goodwill arising on the acquisition of these businesses is attributable to the anticipated profitability of these businesses.

38 RELATED PARTY TRANSACTIONS

During each year 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
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			
	305	41 872	14 135	4 580
2008				
Goods and services sold to:				
CMA CGM Shipping Agencies South Africa (Pty) Limited		187		23
Unicorn Calulo Bunker Services (Pty) Limited				10 768
LCL Grindrod (Pty) Limited			1 457	
Ocean Africa Container Lines (Pty) Limited		4 929		387
IM Shipping Pte Ltd			593	63 051
Tri-View Shipping Pte Ltd			231	13 575
Petrochemical Shipping Limited			91	
Röhlig-Grindrod (Pty) Limited			3 047	2 346
Portus Indico - Sociedade de Servicos Poruarios SA			4 681	91 060
Spinnaker Shipping & Logistics (Pty) Limited		93		19
Vanguard Rigging (Pty) Limited			144	
Goods and services purchased from:				
Maputo Port Development Company		3 577		
Catfish Investments (Pty) Limited	632			
Nicolle Shipping (Pty) Limited	278			
	910	8 786	10 244	181 229

	Company			
	Dividends received R000	Other revenue received R000	Guarantee fees and other expenses paid R000	Amounts due by/(to) related party R000
38 RELATED PARTY TRANSACTIONS (continued)				
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		13 244	(21 267)	(7 707)
Grindrod Shipping South Africa (Pty) Limited	811 168	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
2008				
Subsidiaries				
Grindrod (South Africa) (Pty) Limited	64 919	8 773	(14 232)	210 808
Grindrod Financial Holdings Limited	19 696		(365)	25 874
Grindrod Freight Investments (Pty) Limited	1 029 789	468		181 360
Grindrod Management Services (Pty) Limited		809	(4 744)	(1 008 929)
Grindrod Shipping Limited	1 519 891	6 398	(9 803)	93 670
Island View Shipping (Pty) Limited	66 640	2 666		476 643
Unicorn Shipping Holdings Limited	7 107			72
Unicorn Shipping Operations (Pty) Limited	27 763			
	2 735 805	19 114	(29 144)	(20 502)

Associates

Details of material investments in associates are set out in note 7. Dividends received from associate companies amounted to R78 893 000 (2008: R3 035 000).

Joint ventures

Details of interests in joint ventures are set out in notes 6 and 35.

Subsidiaries

Details of investments in subsidiaries are set out in note 5 and in the schedule of interest in subsidiaries on page 175.

Directors

Details of directors' interests in the company and directors' emoluments are set out in the directors' report.

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;
- commodity;
- shipping market;
- interest rate;
- credit;
- counterparty;
- liquidity; and
- solvency.

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

The treasury management committee 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 committee membership consists of the group financial director and the divisional treasurers. In addition to the risk management process the committee 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.

- 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 for 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-Rand currencies which are translated in the Rand 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 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 Rands 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			
	2009 US$000	2009 R000	2008 US$000	2008 R000
Ship option security deposit	–	–	10 910	103 100
Loans	(63 011)	(464 395)	(37 459)	(353 988)
Trade and other receivables	31 071	228 993	3 597	33 996
Trade and other payables	(4 780)	(35 228)	(6 008)	(56 772)
Bank balances	9 236	68 059	17 379	164 236
	(27 484)	(202 571)	(11 581)	(109 428)

Sensitivity analysis

At year-end the sensitivity of the net open exposure on the operating profit is as follows:

	Group	
Net exposure	2009 R000	2008 R000
+15% (2008: +50%)	(68 019)	(93 623)
–15% (2008: –50%)	68 019	120 522

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 operating profit is as follows:

	Group	
Net exposure	2009 R000	2008 R000
+10%	1 774	(56 729)
–10%	(1 774)	56 729

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.3 Shipping market risk

The group is exposed to the fluctuations in market conditions in the shipping industry. Management continually assesses shipping markets, 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:

	2009 R000	2008 R000
Loans linked to LIBOR	299 372	346 891
Loans linked to SA money market	801 316	677 746
Short-term borrowings linked to LIBOR	5 113	42 336
Short-term borrowings linked to SA money market	1 140 661	896 591
Loans with a fixed interest rate	–	–
	2 246 462	1 963 564

Full details of the interest rate profile of long-term borrowings are set out in the schedule of loan funds on page 174.

The range of interest rates in respect of all non-current borrowings comprising both fixed and floating rate obligations at 31 December 2009 is: local rates are between 7,60% and 10,00% (2008: 12,75% and 13,50%); and foreign rates are between 1,23% and 4,78% (2008: 2,28% and 15,00%). At 31 December 2009 and 2008, all of the group's non-current borrowings were at floating rates of interest. Floating rates of interest are based on LIBOR (London interbank Offered Rate – for US Dollar borrowings) and on JIBAR (Johannesburg Interbank 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	
Net exposure	2009 R000	2008 R000
+500 basis points (2008: +10%)	192 060	50 404
–500 basis points (2008: –10%)	(197 749)	(50 126)

39.4.2 Interest rate risk of the financial institution

There is a risk that fluctuating interest rates will unfavourably affect Grindrod 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
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		
2008							
Assets	1 655 622	–	–	53 703	82 378	89 401	1 881 104
Equity and liabilities	(1 285 991)	(15 994)	(242 224)	(28 346)	–	(308 549)	(1 881 104)
Interest rate hedging activities	133 307	–	(7 245)	(47 964)	(78 098)	–	–
Repricing profile	502 937	(15 994)	(249 469)	(22 607)	4 280	(219 147)	–
Cumulative repricing profile	502 937	486 942	237 472	214 866	219 146		
Expressed as a percentage of total assets of the financial institution (%)	26,7	25,9	12,6	11,4	11,6		

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 (continued)

Interest income sensitivity	<3 months	>3 months <6 months	>6 months <1 year	Total
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)
2008				
2% interest rate increase	2 342	1 703	3 589	7 634
2% interest rate decrease	(2 325)	(1 664)	(3 438)	(7 427)

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 costs		Total	
	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000
2009										
Trade debtors	95	107 316	9 219	598 381	457	1 675 785	82	3 368	9 853	2 384 850
2008										
Trade debtors	51	141 732	5 271	658 867	517	1 414 910	–	–	5 839	2 215 509

CREDIT RISK MANAGEMENT

Trade debtors

The group aims to minimise loss caused by default of its 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.

	Group 2009 R000	Group 2008 R000
39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)		
39.5 Credit risk (continued)		
Monitoring exposure (continued)		
Carrying amount of financial assets past due or impaired and whose terms have been renegotiated	283	3 217
Carrying amount of financial assets impaired during the year	11 423	29 562
Maximum credit risk exposure to the group is:		
Other investments	83 515	50 151
Loans and advances	1 483 314	1 049 761
Trade and other receivables before allowance for doubtful debts	3 029 889	3 567 442
Liquid assets and short-term negotiable securities	104 092	138 553
Cash and cash equivalents	1 917 695	2 403 087
	6 618 505	7 208 994
Analysis of the ageing of financial assets which are past due but have not been impaired:		
Current	1 724	189 864
30 days	60 590	179 752
60 days	30 746	77 706
90 days	11 363	26 266
120+ days	27 080	106 266
Total	131 503	579 854

Refer to note 11 for analysis of ageing of loans and advances.

39.6 Counterparty risk

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 assess or hedge 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 statement of financial position 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.

Grindrod 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.

39 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

39.7 Liquidity risk (continued)

Group liquidity analysis

The contractual maturities of the group's (including the Bank's) financial liabilities are as follows:

2009	<3 months	>3 months <6 months	>6 months <1 year	>1 year <5 years	>5 years	Non-contractual	Total
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
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
	3 710 315	146 356	358 256	78 604	9 437	117 921	4 420 889
2008							
Liabilities							
Provisions	17 010	–	84 038	98 508	–	–	199 556
Income received in advance	–	–	37 800	–	151 200	–	189 000
Trade and other payables	2 474 647	58 342	183 320	1 818	–	22 442	2 740 569
Financial liabilities	203 343	3 390	5 585	86 300	2 245	–	300 863
Deposits	1 254 996	14 365	247 931	29 441	–	–	1 546 733
	3 949 996	76 097	558 674	216 067	153 445	22 442	4 976 721

Bank liquidity analysis

2009	<3 months	>3 months <6 months	>6 months <1 year	>1 year <5 years	>5 years	Non-contractual	Total
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
2008							
Liabilities							
Financial liabilities	–	–	–	6 155	–	3 955	10 110
Deposits	1 254 996	14 365	247 931	29 441	–	–	1 546 733
	1 254 996	14 365	247 931	35 596	–	3 955	1 556 843

The holding company has guaranteed a facility of R240 million to the Bank as additional liquidity.

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 2009 was 14,20% (2008: 16,50%). 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 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2008.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 17, 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, less cash and cash equivalents and assets classified as held for sale. The gearing ratio at year-end was:

		Group	
		2009 R000	2008 R000
Debt		2 246 462	1 963 564
Deposits from bank customers		1 756 126	1 507 046
Cash and cash equivalents (excluding the Bank)		(1 917 695)	(2 403 087)
Other cash equivalents included in financial assets		–	(103 100)
Recoverables on cancelled ships		(238 589)	–
Loans and advances to bank customers		(1 483 314)	(1 049 761)
Liquid assets and short-term negotiable securities		(104 092)	(138 553)
Net non-current assets classified as held for sale		–	(100 955)
Net debt/(cash)		258 898	(324 846)
Equity (including minority interest)		5 836 126	6 775 011
Net debt to equity ratio	(%)	4	(5)

Loan funds

for the year ended 31 December 2009

	Date of redemption	Current rate of interest % per annum	2009 Carrying value R000	2009 Carrying value US$000	2008 Carrying value R000	2008 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	12/2018	1,91	47 103	6 391	65 090	6 888
Repayable in quarterly instalments	12/2018	1,91	47 103	6 391	65 090	6 888
Repayable in quarterly instalments	06/2014	1,23	23 370	3 171	40 833	4 321
Repayable in quarterly instalments	12/2014	1,23	27 601	3 745	46 258	4 895
Repayable in quarterly instalments	08/2016	1,31	76 482	10 377		
Repayable in quarterly instalments	06/2013	2,28	19 133	2 596		
Loans secured by mortgage bonds over plant and equipment						
Repayable monthly	12/2009				245	26
Loans secured by guarantee						
Repayable in quarterly instalments	02/2013				30 995	3 280
Repayable monthly	06/2013	2,28	14 763	2 003	28 460	3 012
Repayable monthly	08/2015	2,28	42 433	5 758	48 192	5 100
Repayable monthly	02/2018	4,78	35 118	4 765	7 095	751
Repayable monthly	04/2015	2,28	4 982	676	7 607	805
Repayable monthly	02/2013	2,28	8 387	1 138	14 133	1 496
Local financing						
Financial liabilities measured at amortised cost						
Loans secured by mortgage bond over property and terminals						
Repayable in quarterly instalments	11/2014	8,75	71 396		85 815	
Repayable in quarterly instalments	12/2017	8,75	215 530		232 045	
Capitalised finance leases secured by vehicles and equipment						
Repayable monthly	01/2009		–		14 795	
Repayable monthly	08/2013	10,25	9 285		–	
Repayable monthly	03/2010	8,40	331		1 577	
Repayable monthly	11/2013	8,00	78 763		93 590	
Repayable monthly	10/2013	8,50	23 775		28 627	
Repayable monthly	various	8,46	82 591		106 652	
Repayable monthly	06/2029	10,50	8 805		–	
Repayable monthly	11/2013	9,80	4 669		–	
Repayable monthly	08/2014	9,60	5 587		–	
Repayable monthly	09/2014	9,25	8 964		–	
Repayable monthly	05/2010	10,50	1 328		–	
Loans secured by guarantee			38 196		2 165	
Other capitalised finance leases and loans secured by plant and equipment			87 074		105 373	
AGGREGATE SECURED LOANS			982 769		1 024 637	
Other unsecured foreign currency loans	01/2019	–	117 920	16 000		
Amount repayable within one year			(179 902)		(227 679)	
NET LONG-TERM BORROWINGS			920 787		796 958	
SECURITY						
Net book values of assets encumbered to secure long-term loans are as follows:			1 011 827		1 205 113	
Ships			585 877		834 352	
Land and buildings			110 271		113 139	
Equipment, plant and vehicles			315 679		257 622	

Interests in subsidiaries

for the year ended 31 December 2009

At 31 December 2009, 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.

	Nature of business*	Share capital 2009 R000	Share capital 2008 R000	Effective holding 2009 %	Effective holding 2008 %	Investments Shares at original cost 2009 R000	Investments Shares at original cost 2008 R000	Share-based payments to employees 2009 R000	Share-based payments to employees 2008 R000	Loans to subsidiary 2009 R000	Loans to subsidiary 2008 R000
INCORPORATED IN SOUTH AFRICA											
Grindrod Freight Investments (Pty) Limited	F	1 158	1 158	100	100	175 900	175 900	345	345	–	181 360
Grindrod Management Services (Pty) Limited	G			100	100			2 495	1 514		
Grindrod Travel (Pty) Limited	F	–	43	–	100	–	600				
Grindrod Property Leasing (Pty) Limited	F			–	100						
Grincor Shipping Holdings Limited	G	23	23	100	100	144 451	144 451				
Unicorn Shipping (Pty) Limited	D			100	100					21	21
Grindrod Shipping South Africa (Pty) Limited	S	5	5	100	100	5 000	5 000	551	297	–	476 643
Voigt Shipping (Pty) Limited	D	10 000	10 000	100	100						
Seasure Insurance Brokers (Pty) Limited	D	100	100	100	100					–	455
Unilog (Pty) Limited	F	10	10	100	100	7 521	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	183 793			–	25 874
Grindrod Trading Holdings (Pty) Limited	T			100	100	551 547	544 405				
Grindrod Freight Services (Pty) Limited	F	1	1	100	100	1 893 244	1 414 123	10 487	10 015	813 619	506 818
INCORPORATED IN BRITISH VIRGIN ISLANDS											
Swallow Enterprises Incorporated	G	415	415	100	100	415	415			4 844	5 043
INCORPORATED IN ISLE OF MAN											
Grindrod Shipping Limited	S			100	100	1 025 331	1 025 331	910	661	–	93 670
INTEREST IN SUBSIDIARIES (Note 5)						4 024 506	3 501 539	14 788	12 832	818 556	1 289 956

* Nature of business
B – Bank
D – Dormant
F – Freight and property services
G – Group services
S – Shipping
T – Trading

shareholder information

Share analysis of ordinary shareholders

at 31 December 2009

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
SHAREHOLDER SPREAD				
1 – 5 000 shares	10 611	74,2	18 773 358	4,0
5 001 – 10 000 shares	1 665	11,6	12 902 586	2,8
10 001 – 50 000 shares	1 498	10,5	32 892 972	7,1
50 001 – 100 000 shares	190	1,3	14 166 510	3,1
Over 100 001 shares	336	2,4	384 646 554	83,0
	14 300	**100,0**	**463 381 980**	**100,0**
Non-public shareholders				
– directors	8	0,1	10 547 650	2,3
– treasury stock	1	–	9 179 348	2,0
Public shareholders	14 291	99,9	443 654 982	95,7
	14 300	**100,0**	**463 381 980**	**100,0**
INVESTOR PROFILE				
Individuals	10 887	76,1	88 075 149	19,0
Nominees and trusts	2 166	15,2	31 917 774	7,0
Private companies	364	2,6	90 560 688	19,5
Close corporations	227	1,6	2 919 986	0,6
Mutual funds	137	1,0	48 395 507	10,4
Retirement funds	127	0,9	65 844 466	14,2
Other corporations	102	0,7	535 194	0,1
Endowment funds	99	0,7	2 381 324	0,5
Banks	76	0,5	65 660 074	14,2
Insurance companies	41	0,3	27 312 700	5,9
Investment companies	49	0,3	29 908 429	6,5
Public companies	20	0,1	557 781	0,1
Medical aid schemes	4	–	113 560	–
Treasury	1	–	9 179 348	2,0
	14 300	**100,0**	**463 361 980**	**100,0**
MAJOR SHAREHOLDERS				
Grindrod Investments (Pty) Limited (Grindrod family)			62 933 450	13,6
Public Investment Corporation			42 099 134	9,1
			105 032 584	**22,7**
TOP 10 FUND MANAGERS				
Public Investment Corporation			31 364 826	6,8
Alliance Bernstein			22 964 743	5,0
Stanlib Asset Management			22 437 437	4,8
Foord Asset Management			17 215 150	3,7
Metropolitan Asset Management			11 956 558	2,6
Standard Financial Markets			11 384 421	2,5
Emerging Markets Management			11 045 568	2,4
Dimensional Fund Advisors			8 736 325	1,9
Old Mutual Investment Group			7 475 015	1,6
Metal and Engineering Industries			7 240 923	1,6
			151 820 966	**32,9**

Share analysis of cumulative, non-redeemable, non-participating non-convertible preference shareholders at 31 December 2009

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shareholders
SHAREHOLDER SPREAD				
1 – 5 000 shares	2 206	89,5	3 201 662	43,3
5 001 – 10 000 shares	161	6,5	1 238 992	16,7
10 001 – 50 000 shares	85	3,5	1 650 436	22,3
50 001 – 100 000 shares	7	0,3	530 729	7,2
Over 100 001 shares	5	0,2	778 181	10,5
	2 464	100,0	7 400 000	100,0
Non-public shareholders				
– directors	5	0,2	321 731	4,3
– directors associates	2	0,1	14 000	0,2
Public shareholders	2 457	99,7	7 064 269	95,5
	2 464	100,0	7 400 000	100,0
INVESTOR PROFILE				
Individuals	1 696	68,8	3 512 458	47,5
Nominees and trusts	594	24,1	1 919 760	25,9
Private companies	101	4,1	648 529	8,8
Close corporations	26	1,1	249 773	3,3
Other corporations	13	0,5	104 616	1,4
Endowment funds	10	0,4	77 833	1,1
Mutual funds	10	0,4	444 732	6,0
Investment companies	5	0,2	22 886	0,3
Banks	4	0,2	150 343	2,0
Insurance companies	2	0,1	78 164	1,1
Public companies	2	0,1	181 860	2,5
Medical aid schemes	1	–	9 046	0,1
	2 464	100,0	7 400 000	100,0

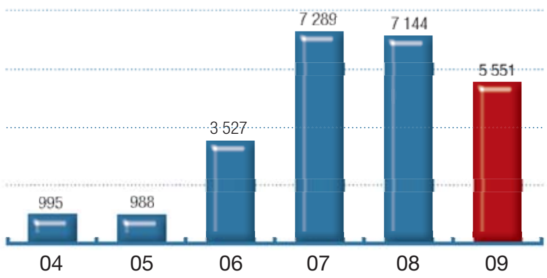
Share performance

at 31 December 2009

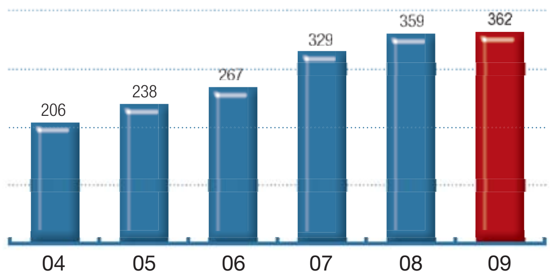
		2009		2008		2007		2006		2005		2004*
		Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary
Market price per share	(cents)											
– opening		1 530	8 600	2 300	10 900	1 560	10 959	1 300	11 650	790	10 000	238
– year-end		1 778	9 700	1 530	8 600	2 342	10 300	2 578	10 300	1 300	11 650	790
– highest		1 870	9 900	2 886	10 900	2 740	11 000	1 570	11 599	1 315	11 650	800
– lowest		1 115	8 600	943	8 600	2 143	9 502	1 000	10 500	770	10 000	240
Number of shares	(000)	454 203	7 400	450 253	7 400	455 509	7 500	449 179	7 500	461 626	5 000	454 610
– in issue		463 382	7 400	478 476	7 500	474 956	7 500	473 386	7 500	461 626	5 000	454 610
– treasury		(9 179)	–	(28 224)	(100)	(19 447)	–	(19 447)	–	–	–	–
Number of transactions recorded		95 473	1 505	98 692	1 381	55 642	1 599	40 099	2 165	28 654	788	10 973
Number of shares traded	(000)	361 749	1 132	358 554	1 616	329 078	1 898	267 150	2 818	238 429	2 185	206 155
Volume of shares traded as % of total issued shares		78,1	15,3	74,9	21,5	69,3	25,3	56,4	37,6	51,6	43,7	45,3
Value of shares traded	(R000)	5 551 232	104 702	7 144 093	156 833	7 289 001	193 031	3 527 355	314 132	988 417	230 706	995 310
Market capitalisation	(R000)	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	3 591 400
PE ratio	%	9,2		3,2		8,9		11,7		7		1,3
Dividend yield	%	3,4		8,9		3,3		2,6		4		4,4
Earnings yield	%	10,9		31,1		11,3		8,6		14,3		77,3

** Preference shares first issued in 2005.*

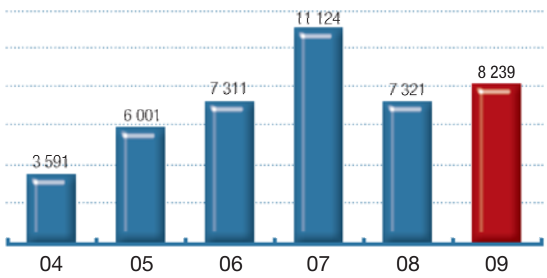
VALUE OF ORDINARY SHARES TRADED (Rm)



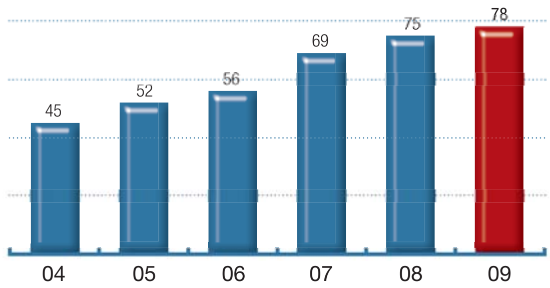
VOLUME OF ORDINARY SHARES TRADED (million)



MARKET CAPITALISATION OF ORDINARY SHARES (Rm)



VOLUMES TRADED/ TOTAL ISSUED ORDINARY SHARES (%)



Notice of meeting

NOTICE IS HEREBY GIVEN THAT THE FORTY-THIRD ANNUAL GENERAL MEETING OF MEMBERS OF GRINDROD LIMITED WILL BE HELD IN THE BOARDROOM, 1ST FLOOR, QUADRANT HOUSE, 115 MARGARET MNCADI AVENUE, DURBAN ON WEDNESDAY, 19 MAY 2010 AT 14:00 FOR THE FOLLOWING PURPOSES:

1. To receive and adopt the audited financial statements for the year ended 31 December 2009 including the reports of the directors and the auditors.
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 I M Groves, J G Jones, R A Norton, A F Stewart and L R Stuart-Hill retire by rotation and being eligible, offer themselves for re-election with exception of R A Norton who has not made himself available for re-election and will retire on 19 May 2010. The credentials of these directors are provided on pages 7 to 9 of the annual report.

   The 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.
3. To note the resignation of Ms N T Y Siwendu as a director effective 1 January 2010.
4. To confirm the appointment of Messrs M R Faku, M J Hankinson and S D M Zungu who were appointed as directors by the board of directors on 15 December 2009. Their details are set out on pages 6 and 7 of the annual report.
5. To consider and confirm the executive directors' remuneration for the year ended 31 December 2009 as set out on page 69 of the annual report.
6. To consider and approve the fees to the non-executive directors for the year 1 July 2010 to 30 June 2011, as set out below:

	Present R	Proposed R
Board		
Chairman	320 000	400 000
Director	135 000	170 000
Audit committee		
Chairman	50 000	70 000
Member	36 000	50 000
Remuneration/nomination committee		
Chairman	45 000	50 000
Member	34 875	40 000

7. To reappoint Deloitte and Touche as external auditors for the ensuing year and Mr A G Waller as the responsible partner.
8. To authorise the directors to determine the remuneration of the auditors for the past year's audit.

As special business, to consider and if deemed fit, pass with or without modification the following special and ordinary resolutions:

9. Special resolution

   "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 South African Companies Act, 1973 (Act 61 of 1973), as amended, 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;
   - the company may only undertake a repurchase of shares if, after such repurchase, it still complies with paragraphs 3.37 to 3.41 of the Listings Requirements concerning shareholder spread requirements; 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."

Notice of meeting (continued)

Reason and effect of special resolution

The reason for and the effect of the special resolution 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 20 May 2009 will lapse at this annual general meeting and the special resolution will renew that authority. The authority contemplated 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.

10. Ordinary resolution

“Resolved that the unissued ordinary shares in the capital of the company reserved for the purpose of the company’s share option scheme, representing 5 500 000 ordinary shares in total, continue to be placed 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."

Shareholders are to note that this scheme has been closed and is replaced with a cash-based share price linked option scheme, the details of which are set out on page 68 of the annual report.

11. To transact such other business as may be transacted at an annual general meeting.

Information related to JSE Listings Requirement 11.26 can be found in the annual report on the page references below:

	Page number
Directors and management	6
Directors’ interests in securities	72
Responsibility statement	108
Material change	111
Share capital of the company	147
Litigation statement	160
Major shareholders	178

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, 19 May 2010, 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 ordinary shares.

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.

By order of the board

C A S Robertson

Group secretary

Durban

12 April 2010

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 on Wednesday, 19 May 2010 at 14:00.

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 14:00 on Wednesday, 19 May 2010 and at any adjournment thereof as follows:

	RESOLUTION	IN FAVOUR OF	AGAINST	ABSTAIN
1.	Approval of annual financial statements			
2.	Re-election of directors retiring by rotation			
2.1	I M Groves			
2.2	J G Jones			
2.3	A F Stewart			
2.4	L R Stuart-Hill			
3.	Note resignation of N T Y Siwendu			
4.	Confirmation of the appointments of M R Faku, M J Hankinson and S D M Zungu			
5.	Consider and confirm the executive directors' remuneration for the year ended 31 December 2009			
6.	Approve the fees to non-executive directors to 30 June 2011			
7.	Confirmation of appointment of auditors and responsible partner			
8.	Remuneration of the auditors			
9.	Renewal of authority to repurchase ordinary shares			
10.	Directors' authority to issue shares reserved for the share option scheme			

(Indicate instruction by 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 2010

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)

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 14:30 on Monday, 17 May 2010.

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

C A S 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 and 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
First National Bank of Southern Africa Limited
Investec Bank Limited
Mercantile Bank
Nedbank Limited
The Standard Bank of South Africa Limited

Foreign

Crédit Agricole
Fortis Bank
Royal Bank of Scotland
Société Générale
Standard Chartered Bank
Millennium BIM Mozambique
Mitsui & Co. Financial Services (Asia) Limited

ATTORNEYS TO GRINDROD LIMITED

Garlicke & Bousfield Incorporated

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

BACK HAUL

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 metre 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 metre 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 OR 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.

BARGING

Transfer of cargo between a ship and the shore using a barge.

BEAM

The greatest width of a vessel.

BREAKBULK

Dry, loose cargo.

BULK CARRIER

Ship designed to carry dry, loose cargoes in bulk.

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.

CHARTERER

A person, firm or company hiring a vessel for the carriage of goods or other purposes.

CHARTER-HIRE

The revenue earned by a vessel pursuant to a bareboat charter or a time charter (see “Freight” for voyage charter revenue).

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.

CHEMICAL TANKERS

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”).

COMMERCIAL MANAGEMENT

Management of those aspects of shipowning 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.

CONTAINERSHIP

Ship designed to carry containerised cargo.

CONTRACT OF AFFREIGHTMENT (COA)

Is 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.

DOUBLE HULL

A ship which has an inner and an outer hull. The distance between these two can be up to two 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.

DEADWEIGHT TONNES (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).

DRY-DOCKING

The removal of a vessel from the water for inspection, maintenance and/or repair of parts that are normally submerged.

FLAG STATE

The country where the vessel is registered.

FREIGHT

The revenue earned by a vessel pursuant to a voyage charter or a contract of affreightment.

FREIGHT FORWARD 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.

FRONT HAUL

Routes which follow the typical flow of the transportation of cargoes from the main loading areas to the main discharging areas.

HANDYMAX

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.

HANDYSIZE

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.

INTERNATIONAL MARITIME ORGANISATION (IMO)

The international United Nations advisory body on transport by sea.

ISM CODE

The international management code for the safe operation of ships and for pollution prevention adopted by the International Maritime Organisation.

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.

MAJOR BULK

Drybulk cargoes consisting of iron ore, coal and grain.

MARPOL

The international convention governing marine pollution prevention. It is part of IMO.

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

A person/company who trades in ships and cargo.

Terms and expressions (continued)

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.

POST PANAMA

Drybulk carrier of about 80 000 to 130 000 dwt with beam exceeding 32,2 metres, which are mainly used to transport coal and grains.

PRODUCTS TANKER

A tanker designed to carry refined petroleum products in bulk, in multiple tanks.

SPOT MARKET

The market for immediate chartering of a vessel, usually for a single cargo or short-term trading.

SPOT RATE

Freight rate for a voyage agreed on the basis of current market level.

SUPRAMAX

Dry bulk 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 contracted capacity is not utilised.

TECHNICAL MANAGEMENT

Management of those aspects of shipowning and operation that relate to the physical operation of a vessel, including the provision of crew, routine maintenance, repairs, dry-docking, 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 (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 (TEU)

The standard length of a container and the measurement used to determine the container carrying capacity of a container ship.

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.

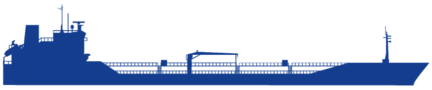
VOYAGE CHARTER

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.

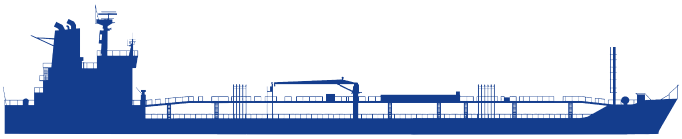
VOYAGE COSTS

Bunker costs, port charges and canal dues or tolls incurred during the course of a voyage.

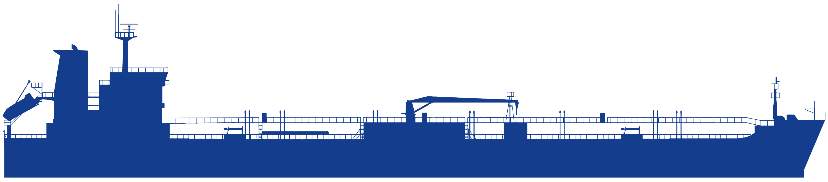
TANKERS



Small products tanker
Cargoes shipped: petrol/diesel/bulk liquids

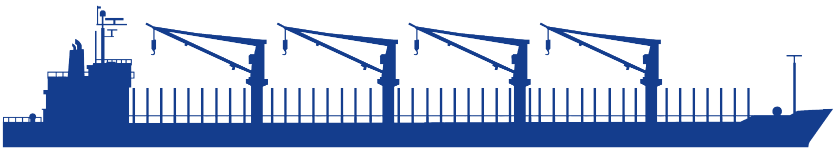


Chemical tanker
Cargoes shipped: industrial chemicals/bulk liquids



Mid-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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