



Angola
Australia
Bermuda
Botswana
Brazil
Canada
China
Congo
Brazzaville
Denmark
Democratic Republic of Congo
Ecuador
France
Ghana
Hong Kong
Isle of Man
Japan
Kenya
Korea
Lesotho
Madagascar
Malawi
Mauritius
Mozambique
Namibia
The Netherlands
Nigeria
Peru
Sierra Leone
Singapore
South Africa
Swaziland
Tanzania
Ukraine
United Arab Emirates
United Kingdom
USA
Zambia
Zimbabwe



integrated annual report 2013



an integrated business

the grindrod story



contents

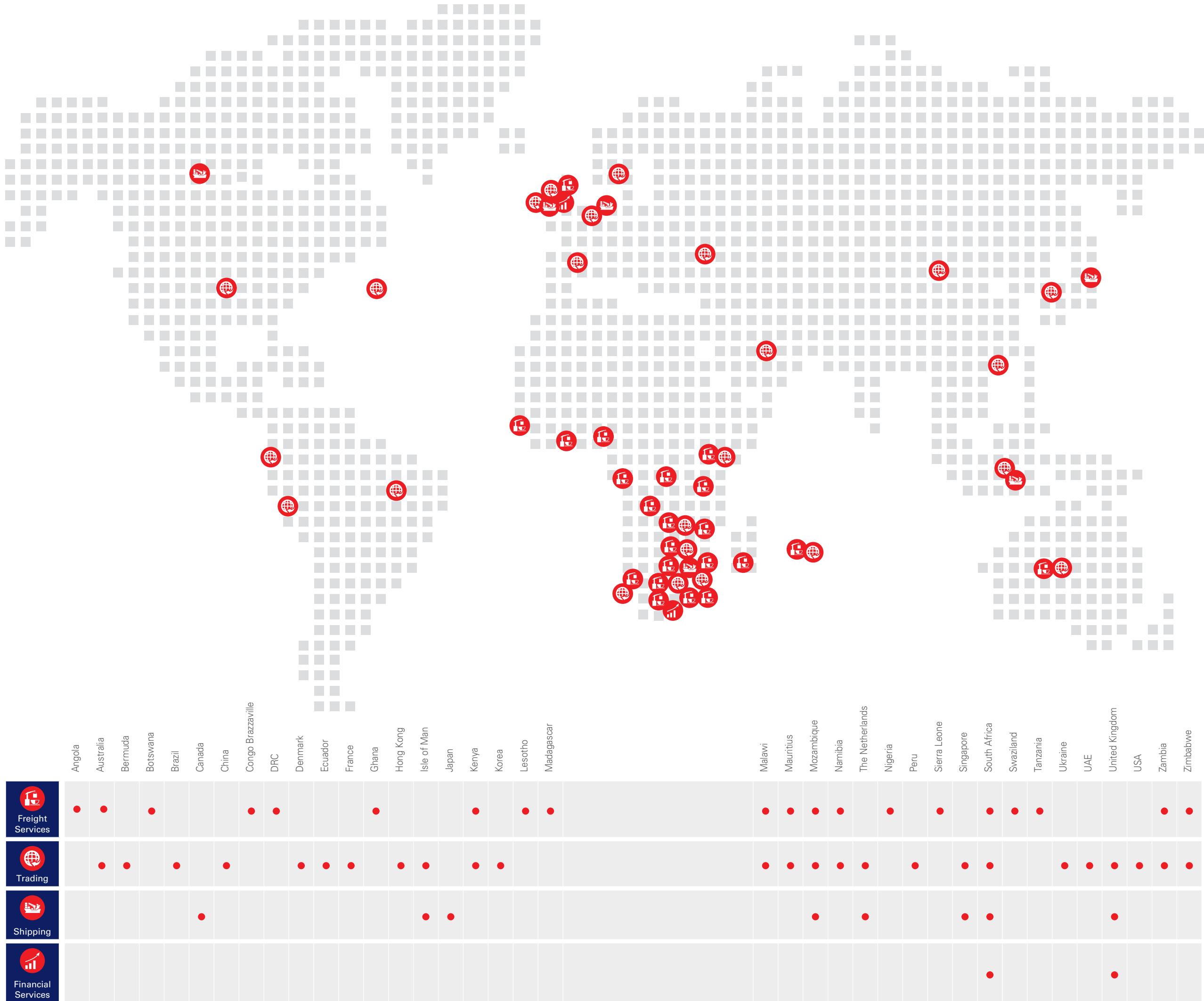
Grindrod started as a clearing and forwarding agency established in 1910 by Captain John Grindrod, focusing on exploiting opportunities in the freight and logistics business.

Major breakthroughs in organic growth and the expansion of services were:

- 1922** The acquisition by John Grindrod and Leon Renaud of a 150-tonne steamship.
- 1933** Being appointed as the ships agent for African Coasters, established by Leon Renaud.
- 1966** The merging of African Coasters with Thesen's Steamship Company to form Unicorn Lines.
- 1971** Introducing containerisation and opening South Africa's first container depot and service.
- 1986** Establishing Grindrod Unicorn Group (Grincor) as holding company and listing its shares on the Johannesburg Securities Exchange.
- 1999** Purchasing dry-bulk charterer Island View Shipping.
- 2000** Extensive expansion of dry-bulk fleet.
- 2001** Grindrod Unicorn Group Limited changes to Grindrod Limited.
- 2003** Completion of the Richards Bay dry-bulk terminals.
- 2005** Acquiring Marriott Corporate Property Bank which became Grindrod Bank and establishing the Trading division.
- 2007** Developing the Port of Maputo.
- 2009** Re-entering the rail sector.

The later years saw an acceleration in acquisitions, joint ventures and partnerships as the business grew into Africa and across the globe. Major capital investments in assets and infrastructure were made, from containers and trucks to terminals and the Maputo port development project.

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The Grindrod Limited (Grindrod) integrated annual report provides stakeholders with a basis for assessing Grindrod's ability to create and sustain value to ensure short-, medium- and long-term viability. The report provides a complete and balanced review of Grindrod's financial, social and environmental performance within the context of its strategy and material assessed risks and opportunities for the period 1 January 2013 to 31 December 2013, including information on subsidiaries and local and international joint venture partners and associates.

The previous report covered the corresponding period for the 2012 financial year.

There have been no significant changes to the measurement methods for key economic, environmental and social data between this report and that covering the previous year. Management is confident that the information contained in this integrated annual report is fairly presented.

The audit of the summarised consolidated annual financial statements and limited assurance procedures on selected aspects of the sustainability information within this report were performed by Deloitte & Touche. The independent

auditors' report and the assurance statement are included on pages 123 and 108 of this report respectively.

This report is compiled in line with the Johannesburg Securities Exchange Limited (JSE) Listings Requirements, International Financial Reporting Standards (IFRS), the South African Companies Act No. 71 of 2008, as amended (the Companies Act) and the principles contained in the 2009 King Report on Governance for South Africa (King III).

The guidelines included in the internationally accepted Global Reporting Initiative's (GRI) G4 and JSE Socially Responsible Investment (SRI) index have been adopted as a basis for sustainability reporting. A GRI G4 content index, based on a core "in accordance" option, is available on the [website](#). The guidelines contained in the consultation draft of the International <IR> Framework issued by the International Integrated Reporting Council (IIRC) have also been considered.

The report must be read in conjunction with the full set of annual financial statements available on Grindrod's [website](#).



Committed to transparent reporting

Grindrod's commitment to balanced and concise, yet meaningful and transparent sustainability reporting is reflected in the company having received a "Best Practice" result for Environmental Performance for a third year running and a "Best Practice" result for Climate Change in the 2013 JSE SRI assessment.



Additional information is available on www.grindrod.co.za.



Reference to related information contained in the integrated annual report.

Business overview

Grindrod's **vision** is to create sustainable returns and long-term value for its stakeholders.

The Grindrod vision is achieved by investing in appropriate assets, infrastructure, internal skills, joint ventures and partnerships to support and grow our **origin-to-destination logistics** value chain across the globe.



The four Grindrod **operating divisions** integrate to move cargo by **rail, road, sea** and **air**, using specialised assets and infrastructure focused on dry-bulk and liquid-bulk commodities, vehicles and containers. Complementary services that add value to this logistics chain are commodity sourcing, grading, processing, blending, storage, financing and sales.

The Grindrod **strategic objective** is to achieve a key competitive advantage to become the preferred integrated freight and logistics service provider.

The key **strategy enabler** is to offer a comprehensive, end-to-end service which enhances customers' supply chains, while achieving improved returns on all group assets and service offerings by:

- continuously exploring opportunities for additional value-add across commodities and divisions;
- investing in assets and opportunities with high barriers to entry, which also alleviates customer non-core investments;
- mitigating the risk of income fluctuations as a result of commodity cycles through diversification of commodities geographically and providing value-added services;
- growing the business across the globe from the current representation base in 38 countries;
- exploiting its South African origins/base to service African markets and trade flows; and
- providing appropriate support structures and systems to ensure that all stakeholders are able to contribute to and benefit from sustainable business returns over the long term.

Sustainability structures to achieve Grindrod's strategic objective include:

- an effective risk management approach;
- sound corporate governance structures;
- a continuous drive to achieve best-practice safety, health, environment and quality (SHEQ) frameworks;
- appropriate human resources attraction, retention and reward mechanisms;
- a sustainable social investment programme;
- proactive and transparent stakeholder engagement; and
- a continuous focus on transformation.

Macro **business drivers** that support the growth of the business include:

- growing demand for food across the globe, in line with population growth;
- long-term global commodity demand to satisfy the infrastructure and energy needs of a growing, developing and urbanising population; and
- increasing investments in Africa's commodities.

At a glance

Grindrod is in a prime position to further capitalise on its extensive experience in the logistics value chain, its strong and respected brand, and shareholder support. The group continues to leverage its financial position to optimise its investments in development opportunities to expand its global reach.



Substantial investments and commitments to grow infrastructure supporting the **Freight Services** value chain.



Trading positioned for improved performance through consolidation, integration and investments to broaden the scope of services.



Structured fleet expansion to position **Shipping** for market upturn.



Total of 9,7 million SASSA cards issued by **Financial Services**, now accounting for 30% of total ATM transaction volumes in South Africa.

▲ **118,7 cents**

headline earnings per share

2012: 102,6 cents

Attributable profit

▲ **41%**

2013: R1 177 million

2012: R837 million

Total ordinary dividend

▲ **13%**

2013: **37,1 cents per share**

2012: 32,9 cents per share

▲ **R2 868 million**

capital expenditure

2012: R1 849 million

Total assets

▲ **29%**

2013: **R28 422 million**

2012: R22 073 million

Net interest-bearing debt to total shareholders' interest

21%

2012: 7%

Long-term global demand for **commodities** remains bullish, driven by increased consumption resulting from population growth and urbanisation. Commodity prices remained under pressure in 2013 due to subdued global economic growth, but slight improvement in demand is expected from 2014 onwards.

Demand for core **industrial** commodities in the Grindrod sphere of business – iron ore, chrome, manganese, coal, copper and marine fuels – remained stable. Continued stability is underpinned by global infrastructural development.

Agricultural commodity demand is expected to remain strong, but price volatility due to market influences and hedge-market activities requires careful management.

Vehicle business buoyed by strong growth in vehicle exports.

Shipping positioned for stronger earnings as a result of an improved balance in global vessel availability after two years of substantial scrapping and limited deliveries and newbuild orders, combined with a continuing strong demand for seaborne commodities.

7 675

employees

2012: 7 295 employees

▲ **7 702**

training interventions

2012: 4 103 interventions

OHS spend

▲ **49,2%**

2013: R35,2 million

2012: R23,6 million

Three fatalities

2012: two fatalities

79,1%

HDSA

2012: 77,5%

Level 3 B-BBEE

contributor

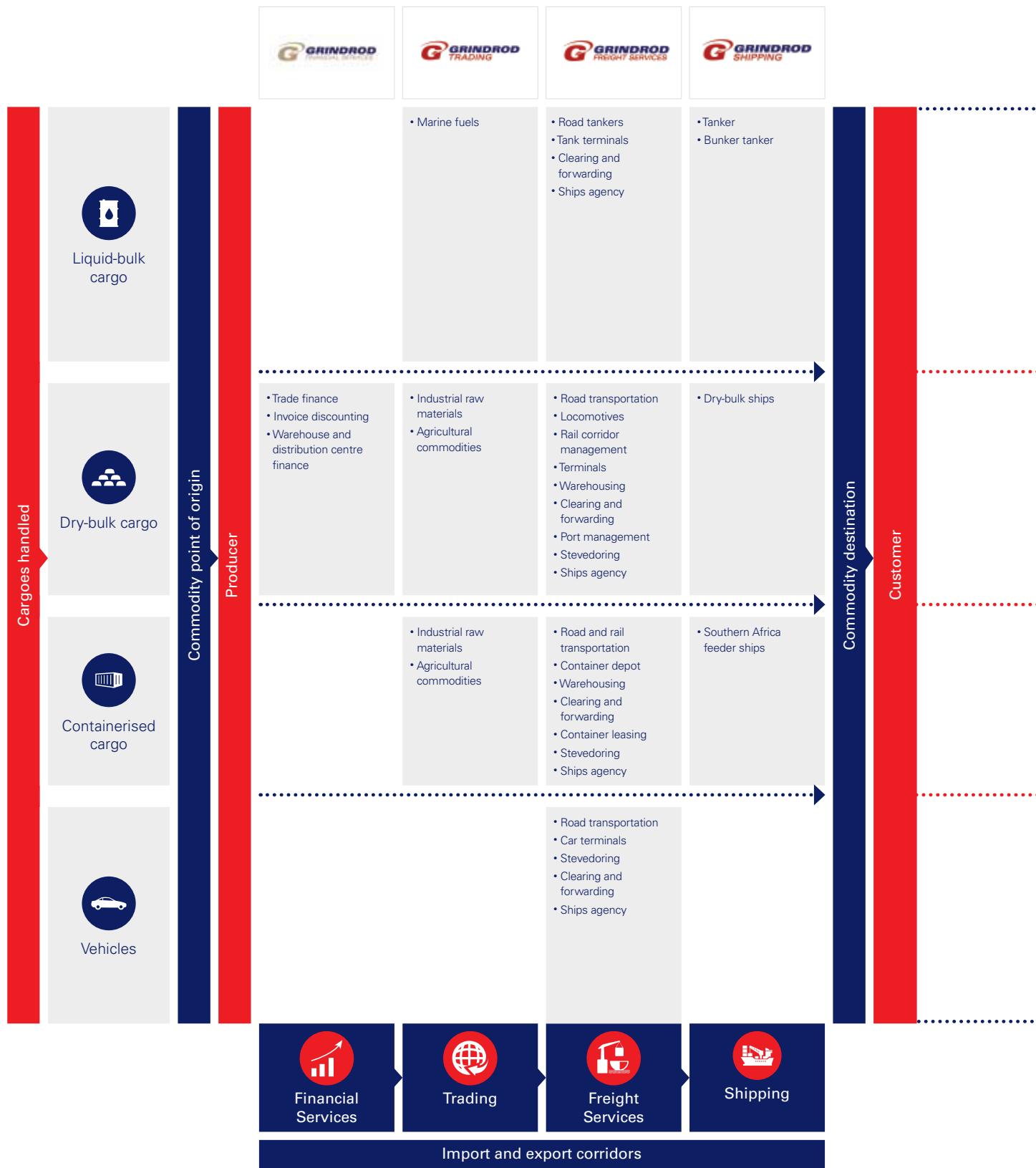
2012: Level 3 contributor

5%

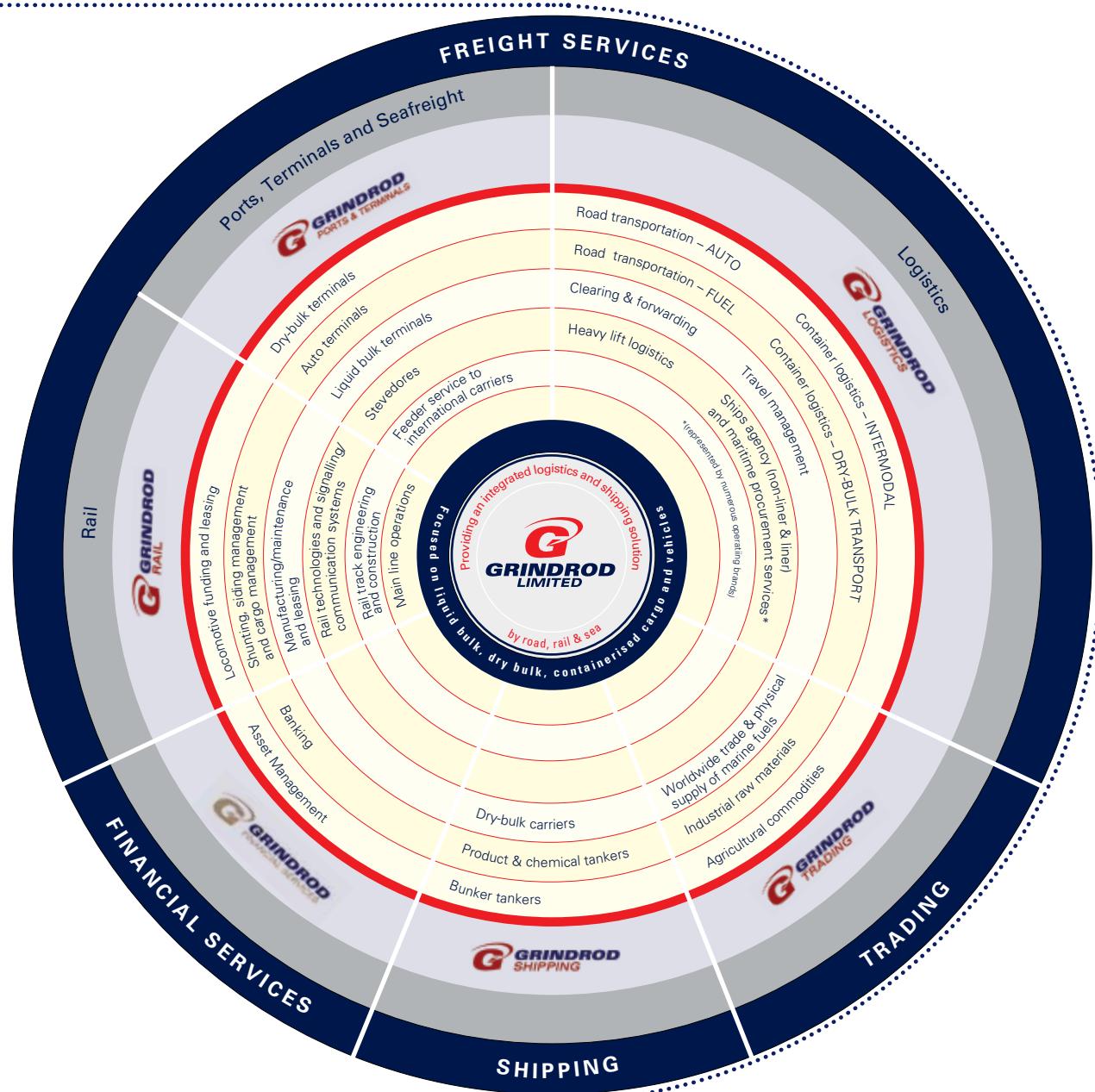
improvement in energy intensity
(MJ per rand revenue)

Business profile

An integrated supply chain for bulk cargoes



Organisational structure





FREIGHT SERVICES aims to be a significant service provider focusing on infrastructure development primarily on the African continent. Its mission is to be the preferred provider of a broad range of freight logistics services by integrating group infrastructure and logistics and freight agency capabilities.

The division provides services to move dry-bulk and liquid-bulk commodities, vehicles and containers along import/export corridors. The supply chain includes all facets of logistics, including rail and road transportation, port operations, terminals, intermodal solutions, warehousing, storage, distribution, stevedoring and seafreight and freight agency services. The division also offers a full suite of rail services, from locomotive manufacturing to rail infrastructure.

As at 31 December 2013:

Port holding

Operation	Location	Grindrod holding	Nature of operation	Strategic partners	Competitive advantages
Maputo Port Development Company (MPDC)	Maputo Port	24,7%	Port concession	CFM DP World Mozambique Gestores	<ul style="list-style-type: none"> Positioned for growth in demand for Southern Africa's commodities in a high growth location Capital, skills and experience

Seafreight

Operation	Location	Grindrod holding	Nature of operation	Fleet
Ocean Africa Container Lines (OACL)	South Africa, Namibia and Angola	100%	Feeder service to mainline carriers for regional cargo and integrated door-to-door service for domestic and regional commercial cargo	<ul style="list-style-type: none"> 120 000 TEU

Terminals

Operation	Location	Grindrod holding	Nature of operation	Strategic partners	Capacity
Terminal de Carvão da Matola (TCM)	Maputo Port, Mozambique	65%	Coal and magnetite terminal	Vitol	<ul style="list-style-type: none"> Throughput of 7,3mtpa
Grindrod Mozambique Limitada		99%	Sized coal terminal		<ul style="list-style-type: none"> Throughput of 3,0mtpa
Maputo car terminal	Maputo Port, Mozambique	70%	Facilities for vehicle imports and exports	Höegh Autoliners	<ul style="list-style-type: none"> 4 126 parking bays Throughput of 115 000 cars per annum
Grindrod Navitrade	Richards Bay, South Africa	75%	Coal terminal		<ul style="list-style-type: none"> Throughput of 3,6mtpa
Kusasa terminal		75%	Heavy minerals terminal		<ul style="list-style-type: none"> Throughput of 1,1mtpa
Valley terminal		75%	Sulphur and other phosphates		<ul style="list-style-type: none"> Throughput of 0,8mtpa
Sea Munye terminal		75%	Warehousing of niche dry-bulk commodities		<ul style="list-style-type: none"> Throughput of 1,1mtpa
Maydon Wharf	Durban, South Africa	75%	Dry-bulk commodities		<ul style="list-style-type: none"> Throughput of 700 000tpa
OTGC terminals	Durban, South Africa	38%	Liquid-bulk terminal facilities for molasses and vegetable oil industry	Oiltanking Calulo Petrochemicals	<ul style="list-style-type: none"> Throughput of 140 000m³ per annum
	Cape Town, South Africa				<ul style="list-style-type: none"> Throughput of 120 000m³ per annum
Port of Walvis Bay	Walvis Bay, Namibia	100%*	Dry-bulk commodities		<ul style="list-style-type: none"> Throughput of 550 000tpa
Bay Stevedores	Richards Bay, South Africa	75%	Payloading and separation of bulk cargo		

* A Black Economic Empowerment deal has been concluded for the sale of 25% of the business, effective 1 January 2014.

Rail

Operation	Location	Grindrod holding	Nature of operation	Strategic partners
RRL Grindrod Locomotives	South Africa, Congo Brazzaville, DRC, Mozambique and Sierra Leone	51%	Locomotive design, engineering, manufacturing and leasing	Solethu Investments Management
NLPI Group	Zimbabwe, Zambia	28%	Mainline rail operations	
Grindrod Rail Construction Company Proprietary Limited*	South Africa, Kenya, Mozambique, Sierra Leone and Ghana	75%	Railway track engineering, construction and maintenance	Solethu Investments
Grindrod Mauritius Rail	Mauritius, Sierra Leone	100%	Investment holding and leasing of locomotives	
GPR Leasing Africa	Mozambique	55%	Leasing of locomotives to credible counterparties in Africa and South Africa	Pembani Remgro Infrastructure Fund
RRL Grindrod Proprietary Limited	South Africa, Mozambique	50%	Provision of rail operations, cargo and siding management	Solethu Investments
Grindrod Corridor Management Proprietary Limited	South Africa, Mozambique	100%**	Provision of logistical services in connection with the bulk handling terminal located in Maputo, Mozambique	Solethu Investments

* The company's name is in the process of being changed from RACEC Group Limited to Grindrod Rail Construction Company Proprietary Limited.

** A Black Economic Empowerment deal has been concluded for the sale of 30% of the business, effective 1 January 2014.

Logistics

Operation	Location	Grindrod holding	Nature of operation	Strategic partners
Grindrod Fuelogic	South Africa, Namibia, Swaziland and Lesotho	75%	Primary distribution of fuel from refineries or import terminals to inland terminals, depots and large customers	Calulo and Adopt-a-School Foundation
	Botswana	18%		
Grindrod Fuelogic Mozambique	Mozambique	70%	Secondary distribution of fuel from inland terminals and depots to retail and wholesale customers	Petromoc
Grindrod Logistics	South Africa	75%	Distribution and logistical services for the automotive industry	
Vanguard	South Africa	50%	Abnormal transport, specialised lifting and plant reallocation and installation, including rigging	
Erundu Stevedores	Walvis Bay, Namibia	49%	Stevedoring and cargo-handling services to the shipping and fishing industry	
Grindrod Intermodal	Sub-Saharan Africa	75%	Transportation of containerised cargo and mining minerals New and used shipping container sales and leasing	
Röhlig-Grindrod	South Africa, Mozambique, Botswana	43%	Freight forwarding, customer brokerage and related logistics services through Röhlig-Grindrod and Kapele Freight and Logistics	Röhlig & Co Internationale, Calulo Investments
Sturrock Grindrod Maritime	Sub-Saharan Africa, Madagascar and Australia	50%	A full range of ships agency services	Sturrock Shipping
Grindrod Travel	South Africa	75%	Travel management services	



Grindrod Intermodal Facilities in Johannesburg



TRADING offers value-added solutions to producers and consumers of a focused range of globally traded commodities. The value chain includes producing, sourcing, processing and marketing agricultural commodities, industrial raw materials and fuels and lubricants across the globe.

The division provides strategic market research and advice and tailor-made logistics solutions through a service-orientated approach.

As at 31 December 2013:

Commodities	Operation	Grindrod holding	Nature of operation
Marine fuel and lubricants	Cockett Marine Oil	50%	Global operation offering value-add in fuels trading and supply
	V-Marine Fuels	50%	Physical supply division, operating from offices across Europe
Grains and oil seeds	Atlas Trading	100%	Trading company managing the value supply chain of origination, processing, hedging, distribution, risk management and finance
	NWK Limited	20%	Provision of agricultural and agri-related products, resources and services, including crop farming, storage, trading and financing of grain and related products
	Senwes Limited	20%	Input products for agricultural production, market access for grain produce and financial, technical and logistical services to grain producers
Industrial raw materials	Oreport	25%	Procurement, movement and distribution of chrome and manganese ores and alloys, ferroalloys, iron, steel and stainless steel
Roof-sheeting materials and accessories	Corr-line Steel and Roof (50% joint venture of Oreport)	12,5%	Manufacturing and sales of roof sheeting and related products
Chrome	Chromtech	50%	Plant/process design, procurement, construction, marketing and sales and logistics for chrome producers
Coal	Vitol Coal South Africa	35%	The origination, logistics and marketing of coal in sub-Saharan Africa



SHIPPING aims to offer a global solution in dry-bulk and petrochemical vessel operation through a diversified fleet of owned, chartered and operated vessels, supported by ship operating services.

The division provides its services through Island View Shipping, Unicorn Shipping and a range of strategic joint ventures and alliances as set out below.

As at 31 December 2013:

Entity/partnerships	Grindrod holding	Infrastructure/service		
Dry-bulk shipping		Total of 21,5 vessels		
Island View Shipping (IVS)*	100%	21,5	Dry-bulk carriers • 17,5 x Handysize bulk carriers • 1 x Supramax bulk carrier • 3 x Capesize bulk carriers	

* Exited pool agreement in 2013 and took over commercial management of 100% owned handysize carriers.

Joint ventures are included in number above

Mitsui, through Tri-View Shipping Pte Ltd	51%		1 x Handysize bulk carrier To strengthen business ties with Mitsui and access Japanese finance
Mitsubishi, through IM Shipping Pte Ltd	51%		2 x Handysize bulk carriers To strengthen business ties with Mitsubishi and access Japanese finance
Lauritzen, through Handyventure Singapore Pte Ltd	50%		4 x Handysize bulk carriers To share vessel ownership and long-term charter risks
Ship operating	100%	**	Concentrates on routes from southern Africa to the North West Continent, Mediterranean, UK, USA and the Far East
Phoenix Shipping, through Grindrod Shipping division Island View Phoenix (included parcel service)	50%	**	To gain access to Far East trade experience and combine the Phoenix inbound cargo book with Grindrod's outbound trades
Supramax operating	100%	**	Concentrates mainly on Pacific and Indian Ocean trade routes
Rogers Shipping, through Island Bulk Carriers Pte Ltd (included in supramax operating)	65%	**	To gain access to cargo contracts into the Indian Ocean islands

** 23 Equivalent ships – short-term spot charter ships used, not part of joint ventures and not included in 21,5 dry-bulk shipping vessels above.

Liquid-bulk shipping		Total of 16 vessels	
Unicorn Shipping (Unicorn)	100%	16	Tankers • 10,5 x Medium-range products tankers • 4,5 x Small-products tankers • 1 x Chemical tanker

Joint ventures are included in number above

Vitol (through Leopard Tankers)	50%		4 x 52 000 dwt product tankers
Petrochemical Shipping	50%		2 x Products tankers for Engen's coastal requirements • 1 x Medium-range products tankers • 1 x Small-products tanker
Ship operating			
Unicorn Calulo Shipping Services***	50%	****	5 x Liquid-bulk vessels on South African coast
Unicorn Calulo Bunker Services***	75%	****	3 x Bunker tankers in port

Pools and third-party management agreements

Vitol			Commercial management of medium-range products tankers
Han Gang Pool			Small-products tankers
Stolt Pool			Chemical tankers

*** Black empowered companies.

**** Not included in joint ventures and 16 liquid-bulk shipping vessels above.



overview >> business profile continued



FINANCIAL SERVICES, operating through Grindrod Bank and Grindrod Asset Management, offers niche services developed from its strong reputation in property finance, aimed at small to medium-sized companies, high net worth individuals, customers of other Grindrod divisions and financial service providers such as fund managers and institutions.

The division provides its services through the bank, an authorised financial-services credit provider regulated by the South African Reserve Bank, and the asset management company, regulated by the Financial Services Board.

As at 31 December 2013:

Activity	Division	Services
Banking	Corporate banking	Commercial property finance, trade finance, invoice discounting
	Corporate finance	Mergers and acquisitions, capital raising, initial public offerings, JSE sponsoring, Alt-X designated advisor
	Treasury	Bank deposits and funding to maintain liquidity targets
	Retail	Managing funds paid by SASSA to debit card holders
	Capital markets	Managing the Exchange Traded Funds (ETF) under the Gtrax-brand
	Preference share trust	Segregated preference share portfolios
Investment banking	Private equity	Investing in long-term opportunities through investment banking and private equity initiatives
	Property private equity	Mezzanine lending and property private equity services
Asset management	Wealth	Wealth-management services for high net worth individuals, companies, trusts, educational institutions, charities and public organisations
	Fund management	Segregated and multi-manager mandates and equity growth funds management
	Collective investments	Collective-investment funds management
	Securities	Stockbroking services



Grindrod Terminals Facility at Maydon Wharf in Durban

Management review



Soft handling of sized coal – Maputo Port



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management review >>

chairman's report



Ivan Clark

Focused on **strategy** through executing on **investments**, **managing risk** and meeting financial targets

Grindrod continued to make meaningful progress in optimising its skills and assets to improve and expand its integrated logistics supply chains along key commodity corridors.

The Grindrod business model is continuously refined to achieve the objectives of a growth plan which supports the Grindrod vision of creating sustainable, long-term value for stakeholders through the responsible management of human, financial, intellectual, social and natural capitals.

Strategically, the company achieved success in the execution of capital projects, increased asset utilisation, improved operational efficiencies and the optimisation of partnerships to achieve growth and business objectives, within a strictly monitored risk mitigation framework. This is reflected in the 76,85 per cent rise in the Grindrod share price during the year, from R15,85 to R28,03, against an increase of 16,48 per cent in the JSE All-Share Index (39 710 to 46 256).

Operationally, group return on equity increased during 2013 to 11,4 per cent. The improving shipping markets and maturing investments in terminals and rail will establish a firm basis from which to achieve the target of 15 per cent in the medium term.

Freight Services continued to expand its services, but the real success story so far is the growth in the volumes Logistics and Rail channelled through the port of Maputo, in which the division has been investing for the past decade.

Trading made strategic investments in Senwes Limited and NWK Limited to expand its footprint into the agricultural market in South and southern Africa. Atlas operations, which have suffered from the combined impact of increased competition, volatile markets and two years of drought, are being consolidated with other agricultural investments, or curtailed.

Shipping continued to position itself for the longer term, with global vessel capacity improving as vessel scrapping exceeded deliveries of handysize vessels in 2013. The timed and focused modernisation of the Grindrod fleet and management of its strategic alliances and joint ventures have also positioned the group to benefit from improved returns in a turning market.

Financial Services successfully completed the roll-out of 9,7 million debit cards under the South African Social Security Agency (SASSA) service offering initiated in 2012. The division also reported strong earnings and asset growth.

Initiatives to improve sustainability extended beyond the return on financial capital. Continued focus on optimising investments in human, social and environmental capital yielded positive returns.

Transformation in middle and top management remains a challenge, which is addressed through sourcing and, internally, training and upskilling initiatives to create a pipeline of management candidates who are experienced and skilled in their areas of operation.

The company has optimised its **social investment** spend through the Adopt-a-School Foundation, one of its empowerment partners. King Shaka High School benefitted from a R20 million infrastructure investment over the past five years and a number of focused training, mentoring and

management initiatives. During 2014, Grindrod's contribution to the sustainability of the school will be reduced to assistance in kind when the last of the capital projects have been completed. Two new schools have been earmarked for adoption, Hlahlindlela High School and Inhlakanipho High School.

Given the importance of **SHEQ** as a key business enabler, the management of SHEQ matters has been elevated to executive level with the formation of the group SHEQ management committee, chaired by the chief executive officer (CEO). This forum facilitates the proactive management of risks and compliance to promote business sustainability. The board regrets the loss of three lives during the year, two being employees and one a member of the public who gained unauthorised access to a Grindrod terminal.

In 2013, the construction, car-manufacturing, mining, fuel retail, and the textile and clothing industries were affected by industrial action, some of which impacted directly on Grindrod through its logistics contracts. A balance between the demands of organised labour and the ability of the private sector to fund wage increases can only be achieved through transparent negotiations and a shared vision for growing the economy.

Globally, the outlook for agricultural commodities, metals and minerals remains bullish over the long term, based on population growth, urbanisation and more sophisticated economic and lifestyle aspirations of developing nations.

In Africa, economic growth is expected to reach five per cent in 2014. Grindrod's presence in southern African countries gives it a firm basis from which to extend its reach into the continent. In this regard, the Mozambique investments are of strategic importance.

Growth in the Grindrod sphere of business hinges on large investments. The board is enthused with the strategic growth plans that support Grindrod's continued expansion with a view to securing sustainable increased shareholder value, and is fully supportive of the R3 billion equity-raising initiative to enable completion of the current planned R10 billion capital expenditure.

I thank staff, management and my fellow directors for their dedication in strengthening Grindrod into the sustainable enterprise it is.

After being privileged to be part of the Grindrod team for 37 years, I will retire, in line with Grindrod policy, following the celebration of my 70th birthday. I am confident that the company will continue to grow from strength to strength under the guidance of Mike Hankinson, as the new incoming chairman, and Alan Olivier and the management team. It has been such a fun and rewarding journey and I am eternally grateful to all the wonderful people of Grindrod and all those outside of Grindrod that I worked with over the years.



Ivan Clark
Chairman

25 February 2014



management review >>

chief executive officer's report



Alan Olivier

**Market presence,
reputation, skills and
infrastructure to provide
integrated logistics services**

The 2013 financial results reflect the success of Grindrod's continued focus on business expansion and optimisation. Freight Services and Financial Services reported strong results. Ship operating did well to offset the weak but improving shipping markets. Trading, however, continued to be hampered by losses Atlas incurred in difficult market conditions.

Freight Services benefitted substantially from its investments in infrastructure expansion and services beyond the borders of the country. The decision to invest in the Port of Maputo yielded good returns and further infrastructure expansion is being executed to accommodate the growing demand for services through this port. During the past 10 years, the compound annual growth rate in tonnage throughput in the port was 21 per cent, with a targeted throughput of 50 million tonnes by 2020.

Expansion in the rail sector to support growth in our origin-to-destination logistics value chain forms an integral part of the business' long-term strategy. The investments made to expand the rail business should yield attractive returns over the long term, as demand for logistical services increases in line with investments made in the continent's mining and agricultural resources.

Trading continues to be affected by low volumes, especially in the volatile and inverted agricultural markets. Atlas continued to be adversely affected by volatile markets in 2013, resulting in the initiation of restructuring that will result in the termination of some activities and the consolidation of our agricultural investments. Weak demand depressed the prices for ferrous and ferroalloy products and strikes in the platinum industry caused a decline in chrome shipments, but coal performed well despite limited availability of the commodity. Cockett Marine Oil reported good results on the back of successful market expansion in both the trading and port bunker businesses.

The **Shipping** market, specifically dry-bulk, showed signs of improvement in the second half of the year. The joint venture with Vitol, the world's largest independent energy trader, impacted positively on the return of the ships under its commercial management.

During the year, the division took delivery of four Vitol joint-venture next-generation fuel and emissions-efficient medium-range product tankers, two long-term-chartered medium-range product tankers and two owned handysize dry-bulk carriers.

Further expansion in the dry-bulk fleet under commercial and technical management has been approved, with orders placed in Japan for six handysize and five supramax dry-bulk carriers for delivery over the next three years, along with the long-term charter of five Japanese-built and -owned supramaxes. All of these are next-generation fuel and emissions-efficient vessels.

Financial Services continued to expand its services and reported strong earnings growth. The world-class rollout of 9,7 million debit cards under the contract to manage the funds SASSA pays to its beneficiaries has placed Grindrod Bank in a position where it accounts for 30 per cent of all BankservAfrica automated teller machine (ATM) transactions.

Since the establishment of the bank in 2006, it has grown attributable profit at 100 per cent shareholding by 342,8 per cent to R120,0 million. In 2013, the total Financial Services assets grew by 54,9 per cent and the fledgling securities business expanded to R500 million in discretionarily managed assets. The scope of services will be further broadened to include stockbroking services.

Capital investments are crucial to expanding Grindrod infrastructure. Most of these investments are long-term projects which will only achieve the targeted 15 per cent return on capital in the medium term. Grindrod's business plan includes, inter alia, further investment in port and terminal facilities in Maputo, Richards Bay, Saldanha and Coega, and expansion of the rail business. In order to meet the equity requirements and fund the planned projects, the board approved capital raising of R3 billion.

Central to the success of the diverse logistics business is the Grindrod risk management process, which continuously evaluates the likelihood and impact of factors which pose a risk to business sustainability.

The potential of expropriation or political instability in many African countries remain risks that require continuous consideration. The region is an area of strategic supply chain asset development for the group. These sovereign risks are, among others, countered through active engagement with key stakeholders within the regions of business activity, focused investment in social upliftment initiatives to promote regional benefit and, where appropriate, partnering strategically with local companies that are knowledgeable of local markets and that support building key relationships with governments. Africa offers attractive expansion opportunities and Grindrod, as an African company with proven operating capability, is well positioned to take advantage of such opportunities.

During the year, the risk of industrial action was elevated following widespread strikes, many of them unprotected. Strikes in the Grindrod supply chain and Freight Services influenced customer output and company volumes, notably vehicle exports through the Maputo car terminal and chrome shipments.

Following the decision to form a Corporate Services division, good progress was made with establishing the framework for the delivery of shared services to divisions. This will yield strategic and financial benefits and facilitate the achievement of company targets in the areas of human capital management, information technology (IT), procurement, transformation, empowerment and social responsibility.

Grindrod continued with several training and upskilling initiatives to achieve progressive improvement in the demographic representation in middle and top management. A further achievement in its drive toward Broad-Based Black Economic Empowerment (B-BBEE) compliance was the sale of 75 per cent of Oreport, a company within the Trading division, to a company held by a Sisulu family trust. This presents a valuable opportunity to increase the company's access to local market players.



The company continued with efforts to improve safety management across divisions. These efforts yielded positive results, notably in Freight Services where the lost-time injury frequency rate (LTIFR) reduced to 1,31, from 1,67 (calculated using 200 000 manhours) in the previous year.

I am saddened to report three fatalities during the year. An employee passed away in a truck accident on a highway and a security guard was fatally injured during an accident in a lift shaft. The third fatality was a person who was not employed or contracted by Grindrod who was struck by a heavy-duty bulk transporting vehicle after entering the Maputo coal terminal without authorisation. Internal investigations included remedial action to reduce the risk of reoccurrence.

Shipping continued to drive down emissions by increasing the use of low-sulphur fuel where possible and by ensuring that all newbuilds are efficient, which further reduces emissions. Shipping excelled by achieving a no-oil-spill record for the eighth consecutive year.

Logistics emissions continued to decrease as the fleet of heavy-duty vehicles are replaced by more fuel-efficient trucks.

Normalised water consumption for the company improved again and Grindrod remains on target to reduce water usage by 20 per cent by 2020, measured against 2010 consumption.

In 2014, management will continue to focus on maximising the utilisation of assets and further growing the businesses through optimisation initiatives and investments.

Many opportunities exist for inter-divisional marketing to expand the company's services to existing customers. This channel is continuously being explored.

Management is optimistic about the future. The underlying long-term demand for commodities is good, although the economic recovery will be slow, and the demand for moving commodities from origin to destination will grow. Grindrod has the market presence, the reputation, the skills and the infrastructure to provide integrated logistics services along the commercial corridors it serves, and plans to serve in future.

On behalf of my fellow directors and all Grindrod employees I thank Ivan Clark, retiring company chairman, for the valuable contribution he made in building Grindrod into the diversified and sustainable business it is today. He joined the group in 1977, rising through the ranks to be appointed as CEO in 1999. After his retirement in 2006 he joined the board as a non-executive director and was elected as chairman in 2007. The significant increase in Grindrod's market capitalisation since Ivan's appointment to chairman of the board in 2007 is testament to the role he played.

We also welcome Nkululeko Sowazi as independent non-executive director and congratulate Mike Hankinson on his appointment to chairman of the board. We look forward to working with Mike in his new capacity.



Alan Olivier
Chief Executive Officer

25 February 2014



RRL Grindrod Locomotives assembly workshop in Pretoria



V Marine Fuels* bunker tanker operating in the UK

*physical supply division of Cockett Group

Performance review

2013 key focus areas

- Maximise asset utilisation
- Execute on capital projects
- Improve operational efficiencies and cost
- Develop new infrastructure and logistics opportunities
- Expand operating capability in Shipping
- Identify the right timing and opportunity to invest in Shipping at low point in cycle
- Stabilise Trading and expand along the value chain
- Develop an integrated approach to marketing group businesses
- Manage strategic partnerships to facilitate execution and reduce risk
- Manage the deployment of group equity
- Further strategic development for Corporate Services

2014 key focus areas

- Execute on capital projects
- Maximise asset utilisation
- Promote further business diversification
- Improve operational efficiencies and cost
- Explore opportunities in the oil and gas sector
- Fully develop rail opportunities
- Execute agricultural commodity strategy
- Further develop new infrastructure and logistics opportunities
- Further develop an integrated approach to marketing all group businesses
- Execute on the fit-for-purpose, consolidated and standardised shared services across the company
- Drive compliance with key transformation requirements
- Manage strategic partnerships to facilitate execution and reduce risk
- Plan capital raising
- Sell older handysize dry-bulk ships as next-generation Japanese fuel and emissions-efficient newbuild vessels start to deliver

2013 achievements

Freight Services

- Expanded the capacity of the Matola coal and magnetite terminal from 6,0 to 7,3 million tonnes
- Expanded the Maputo car terminal from 1 294 to 4 126 parking bays
- Secured additional contracts to improve utilisation of the Maputo car terminal
- Finalised plans for the phased capacity expansion of the Grindrod Navitrade terminal at Richards Bay from 4 million to 20 million tonnes a year
- Established a joint venture to construct a 13,2 million-barrel commercial crude oil storage and blending terminal at Saldanha
- Finalised plans to build a 250 000m³ petroleum products terminal at Coega, subject to NERSA tariff approval only
- Invested in additional rail infrastructure and service providers to offer the full spectrum of private and mainline services in Africa
- Expanded fuel tanker services footprint in South Africa, Botswana, Namibia and Mozambique
- Integrated the Sturrock and Grindrod ships agency businesses into the Sturrock Grindrod Marine joint venture

Trading

- Acquisition of 20 per cent shareholdings in Senwes Limited and NWK Limited
- Concluded B-BBEE deal between Oreport and a company held by a Sisulu family trust

Shipping

- Took delivery of four Vitol-joint-venture next-generation fuel and emissions-efficient medium-range tankers and two owned handysize dry-bulk carriers
- Expanded the Shipping parcel service in the Chinese region
- The raising of shipping equity enabled the acquisition of six handysize bulk carriers and five supramax bulk carriers
- Placed orders for five newbuild long-term charter supramax bulk carriers for delivery in 2014 – 2015

Financial Services

- Achieved the issue of 9,7 million debit cards in terms of the SASSA fund-management contract
- Launch of UK property private equity fund



Key business risks

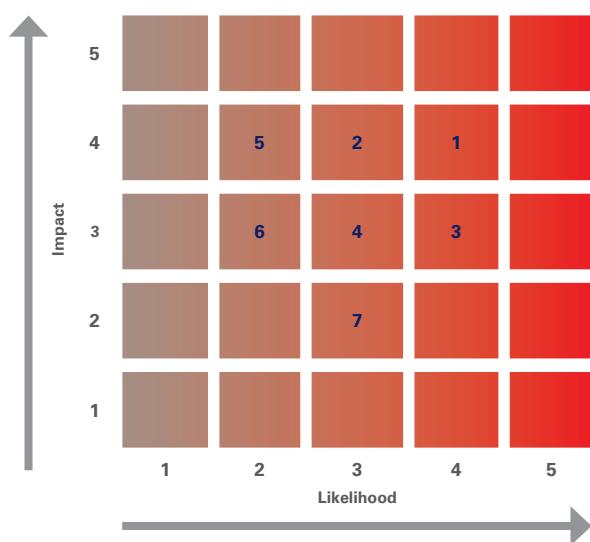
Grindrod has developed a robust system to manage risks that could impact on the sustainability of its business. Risk management processes are based on the ISO 31000 standard for risk management and are designed to identify, quantify, prioritise, respond to and monitor both internal and external risks. Further detail on the governance of risk management is included on page 86.



Risk management is based on a group risk register and divisional risk registers. Risk management at divisions is the responsibility of executive management and is overseen by risk managers. Subsidiary companies in which Grindrod does not have operational control are assisted with developing risk registers.

Identified risks are prioritised in terms of the likelihood of the risk materialising and the detrimental impact it could have on the sustainability of the business. This provides the basis for implementing risk mitigation measures.

Major residual risks to the company, based on their impact/probability ratings are:



Risk rating

Critical

- | | |
|----------|--|
| 1 | • Political and sovereign |
| 2 | • Funding or liquidity |
| 2 | • Inadequate infrastructure |
| 2 | • Project |
| 3 | • Reduced commodity demand, market-volume decline and low growth rates |
| 3 | • Industrial action |

Medium/high

- | | |
|----------|---|
| 4 | • Current shipping markets |
| 4 | • Timing of entry into shipping markets |
| 4 | • Competition |
| 4 | • Information technology |
| 4 | • Credit and counterparty |
| 4 | • Commodity prices |
| 4 | • Continuing cost pressure |
| 4 | • Climate change and SHEQ |
| 4 | • Exchange and interest rates |
| 5 | • Investment |

Low risk

- | | |
|----------|---|
| 6 | • Legal compliance with relevant laws |
| 7 | • Significant loss resulting from fraud |

Mitigation of the six critical risks in terms of impact and likelihood are:

Impact	Mitigation
Political and sovereign risk which threatens investments made in foreign countries. Expropriation of assets or concessions and political instability constitute the biggest impacts.	Thorough country and investment assessments in terms of the group investment policy, prior to board approval, including political-risk insurance cover where appropriate. In conjunction with focused investment in social upliftment initiatives, collaborative and consultative engagement with regional governments and communities as well as partnering with local businesses that are knowledgeable and reputable, are integral to managing the associated risks.
Inadequate funding or liquidity for the funding of expansion projects or ongoing business operations respectively.	Management, through a detailed funding plan and liquidity assessment that facilitates achievement of adequate resources or access to resources to ensure funding at levels that yield an efficient cost of capital at an acceptable risk level. Where feasible, appropriate partners are sought to assist with raising funding or equity.
Inadequate infrastructure that restricts the achievement of optimum business results, such as inadequate access to agricultural value-chain assets or the restricted availability of rail resources to service the Maputo dry-bulk and car terminals.	Trading targets investments in supply-chain infrastructure, and Freight Services promotes public-private partnerships. Rail coordination and efficiencies on the Maputo corridor are managed through an operating centre staffed by Mozambique Ports and Railways, Transnet Freight Rail and Grindrod Corridor Management.
Project risk, which has market, operational, financial and legal consequences.	All projects of scale are approved by the board, and appropriately skilled and experienced staff members manage projects, supported by external consultants in areas requiring specialist skills. Project management includes key time and delivery performance indicators and quarterly feedback to divisional boards and the group board.
Reduced commodity demand , which impacts asset utilisation and income.	Diversification across commodities and geographies, and the inclusion of take-or-pay clauses in contracts, which obliges the customer to take delivery of goods or pay a specified amount.
Industrial action , which disrupts operations and results in loss of income.	A collaborative and consultative approach to deal with threatened or actual action, through established communication forums, the management of employee issues, performance and discipline, careful execution of right-sizing initiatives to restrict retrenchments and analyses to understand and address the underlying causes that resulted in the action.



Stakeholder engagement

Transparent and proactive stakeholder engagement is crucial to Grindrod achieving its financial, social and environmental objectives.



Shareholders and the investment community are kept abreast of company financial and operational news, through shareholder circulars, dividend announcements, the annual general meeting, interim and annual results presentations, individual meetings and the annual integrated report.



Employees determine the success of the company. Engagement starts at appointment, with an induction course, followed by continuous engagement related to career and personal growth, including performance reviews and talent-management processes. Various initiatives ensure continuous employee engagement on a personal and group level, including employee functions, personal wellness assurance initiatives and company news updates.



Employee organisations, bargaining councils and recognised unions are engaged during wage negotiations and on all employee issues within their areas of mandate. The company honours an open-door policy with these organisations in the interest of employee wellbeing.



Customers are engaged regularly through personal and written communication to ensure that Grindrod aligns its strategies and operations based on an understanding of its customer requirements and delivery expectations. Customers are informed of company developments applicable to their areas of operation. Communication regarding complementary services available within the company ensures that customers are aware of the full value-chain service offering and that Grindrod can grow its service base with existing customers.



More than
5 170
suppliers managed
through a transparent
procurement process

Suppliers are engaged through personal communication and relevant company updates. The supply chain is managed through a transparent procurement process based on quotations or tenders and quality control measures. Providers of specialised services that impact on the Grindrod value chain are engaged through the operational stakeholder process to ensure optimum service delivery.



38
countries with operations
and diverse political and
regulatory requirements

Operational stakeholders directly or indirectly influence the company's operations. These stakeholders include local, provincial and national government in the countries the company operates in, port, rail, customs and road authorities; and commercial entities involved in the Grindrod value chain, such as banks, agricultural cooperatives, and subsidiaries and partnerships. Many of these relationships are of mutual benefit to the parties involved, with business partners sharing Grindrod's values and ethics. Strategic dialogue is maintained to promote sustainable stakeholder value-addition.



50
memberships of professional
associations maintained

Regulatory and industry bodies govern and guide company operations, through legislation, regulations, codes of conduct, tariffs, and operational and environmental standards and guidelines. Engagement is effected through personal contact; membership of chambers, associations and forums; and a proactive approach to compliance and safety, health, environment, quality and social objectives, activities and interventions.



1 985
press releases in 2013
covering operations

Public awareness of company achievements and socio-economic initiatives are communicated through commercial and public media, as news generated through press releases or journalist interviews with executives and as paid-for media announcements and advertisements.



Business review



Conveyor and stacker reclaimer at Terminal de Carvão da Matola (TCM)



Financial director's report

32

Five-year review

40



[business review >>](#)

financial director's report



Andrew Waller

2013 provided the group with further **geographic** and **diversification** opportunities and **positioned** the group for **growth** in **targeted markets**

Financial strategy

The focus in 2013, in support of the group strategy, was centred on the evaluation of investment opportunities, assessment of disposal opportunities and appropriate allocation of equity.

A number of corporate actions were undertaken in the terminals, rail, clearing and forwarding, agricultural and shipping businesses during the year. These actions have provided the group with further geographic and diversification opportunities and for growth in targeted markets.

Strategic financial focus was also given to:

- careful consideration of currency requirements;
- assessment of the adequacy of returns within the businesses; and
- consideration of funding requirements and gearing levels in the plan period (2014 to 2019).

Emphasis was placed on delivery on the many capital expenditure opportunities over the following years. These opportunities total in excess of R10 billion and various funding methods were reviewed to enable the group to execute on its plan.

Attention was also given to strengthening of financial controls within the businesses and the optimisation of cost structures to support maximising earnings and shareholder value.

Group earnings

Strong earnings from the Freight Services and Financial Services divisions, as well as improved earnings in the Shipping division, have contributed to an increase of 16 per cent in headline earnings to R701,8 million (2012 restated: R605,6 million). Statutory group revenue was lower at R15,7 billion (2012: R27,3 billion) due to the exclusion of new joint ventures and the sale of half of Cockett Marine Oil in the prior year. Adjusting for these results, revenue increased by nine per cent over the prior year.

The Freight Services earnings were driven by increased volumes through the terminals and Maputo port, growth in the rail businesses, as well as consolidation in the logistics businesses.

The Trading division had a disappointing year, with the agri-business posting a loss after coming under pressure due to compressed margins resulting from increased competition and market and currency volatility. The marine fuels business had positive earnings, despite pressure on volumes and margins during the year. Notwithstanding increased volumes, earnings in the minerals business decreased on that of the previous year, due to margins being placed under pressure.

The Shipping division recorded a profit in the year that witnessed improved freight rates and increased fleet utilisation in the dry-bulk market; however, the liquid-bulk market remained challenging.

The Financial Services division once again reflected excellent growth in 2013, increasing earnings by 42 per cent over the previous year.

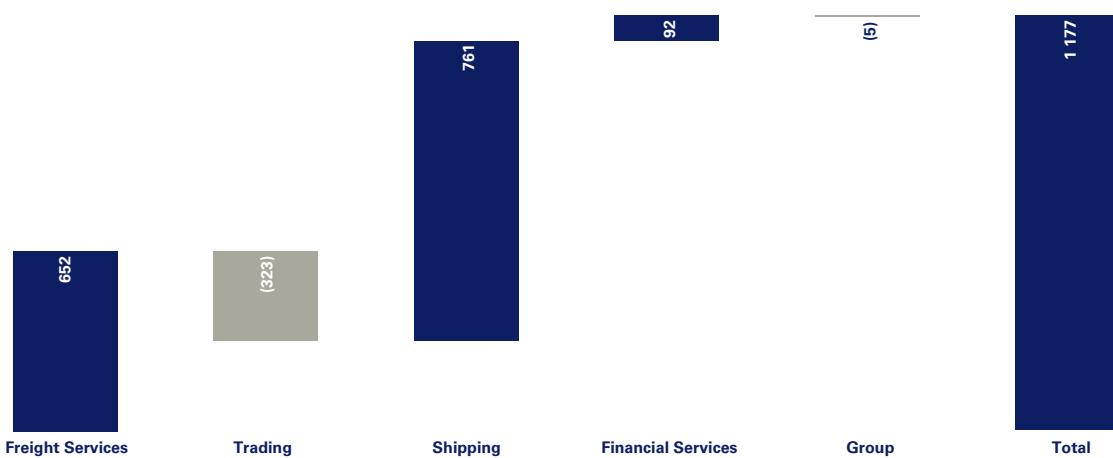
The recognition of foreign currency translation reserves on the cessation of certain Shipping and Trading offshore operations, due to internal restructuring, generated non-trading earnings of R698,0 million (2012: loss on impairment of ship values of R173,3 million). This was partially offset by an impairment of goodwill in the agricultural commodities trading business of R186,4 million.

Long-term and short-term borrowings increased in 2013, resulting in higher net interest paid of R92,9 million (2012: R20,5 million).

The improved earnings in the Freight Services terminal and rail business joint ventures was evident in the 60 per cent increase in Grindrod's share of profits of joint ventures to R545,1 million (2012: R340,0 million).

The effective tax rate, including joint ventures, decreased from 17,7 per cent to 15,3 per cent largely due to the recognition of foreign currency translation reserves in the current year.

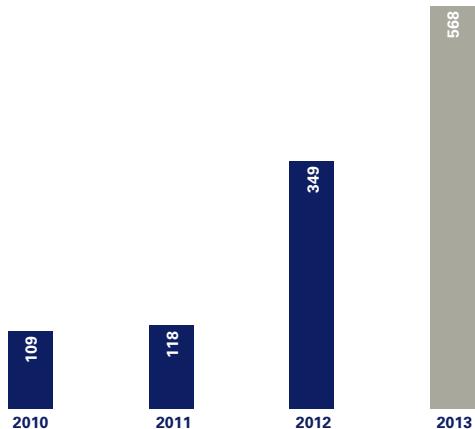
2013 Attributable profit by division (Rm)



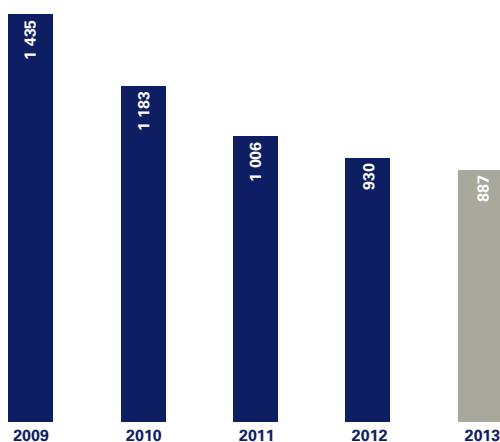
Attributable profit amounted to R1 177,2 million for the year ended 31 December 2013 (2012 restated: R836,7 million). This resulted in basic earnings per share increasing by 40 per cent to 199,1 cents (2012: restated 141,8 cents).

For an analysis of the income statement in the manner in which management reviews the results on a monthly basis (i.e. proportionate basis), refer to the segmental analysis on page 129 of the summarised consolidated annual financial statements.

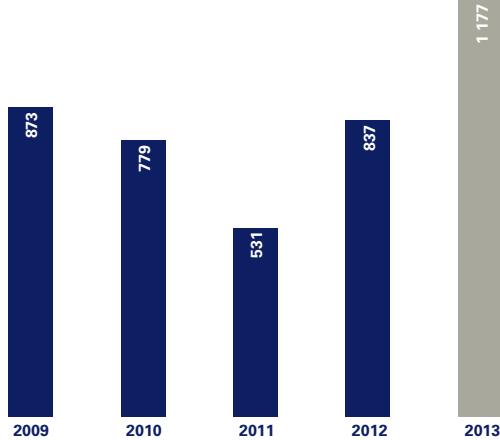
Income from joint ventures and associates (Rm)



Trading profit (EBITDA) (Rm)



Attributable profit (Rm)



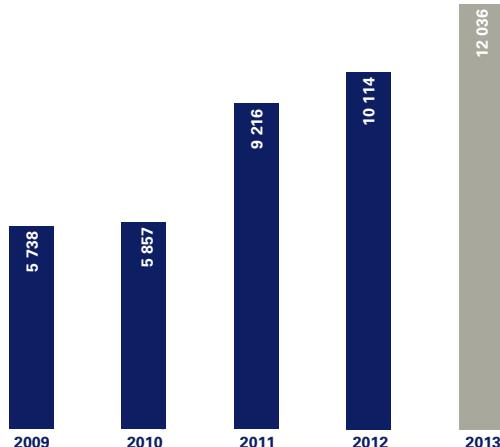
Statement of financial position

Shareholders' equity increased from R10 114 million to R12 036 million as a result of the increased earnings and a gain in the foreign currency translation reserve. The foreign currency translation reserve increased to R1 917 million (2012: R1 005 million) due to a 24 per cent weakening of the rand/US dollar exchange rate from R8,48/US\$ at 1 January 2013 to R10,55/US\$ at 31 December 2013.

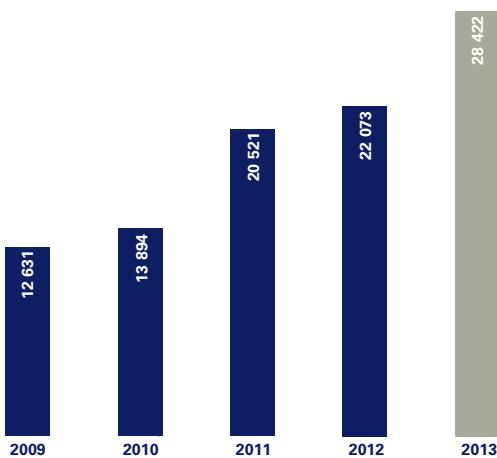
Borrowings, cash flow and liquidity

Long-term debt increased by eight per cent to R3 056 million (2012: R2 842 million) due to long-term debt instruments issued in the Financial Services division. Short-term borrowings, before transfer to non-current liabilities held for sale, increased by 25 per cent due to increased rand borrowings.

Shareholders' funds (Rm)



Total assets (Rm)



Cash and cash equivalents increased by 44 per cent to R6 131 million (2012: R4 250 million), arising mainly from increased cash deposits in the Financial Services division from R2 278 million to R4 651 million. Cash and cash equivalents, excluding Financial Services, decreased by 27 per cent due to capital expenditure on investments during the year.

The assets and liabilities of the agricultural commodities business, Atlas Trading, have been included in non-current

assets and liabilities held for sale as a portion of this business is expected to be disposed of in 2014.

Cash generated from operations was R647,8 million (2012 restated: R1 424,5 million). The decrease is attributable to an increase in the utilisation of working capital. This increase is largely due to the disposal of the marine fuels business into a joint venture, which affected the movement in working capital in 2012.

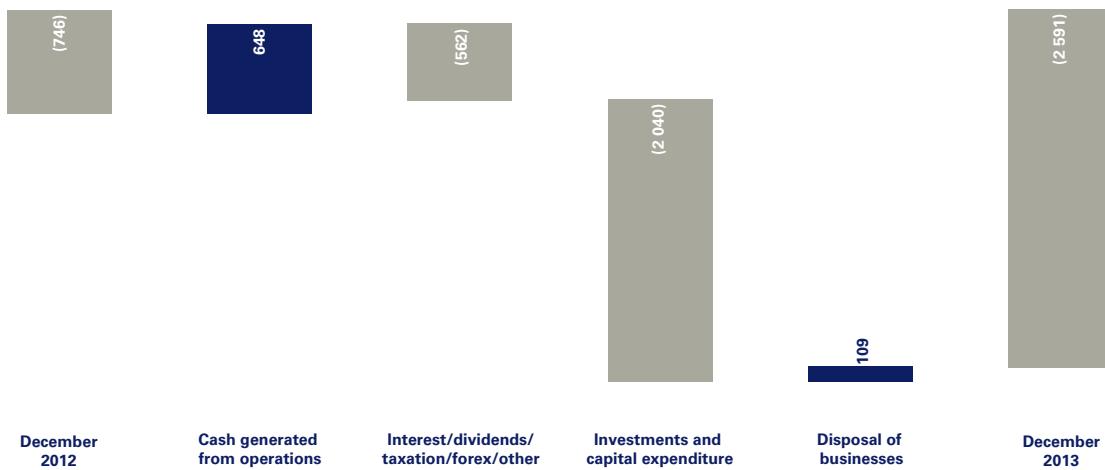
Dividends of R259,7 million (2012: R238,2 million) were paid to ordinary and preference shareholders.

In April 2013, R197,2 million compensation was received from the SANFU shipyard in China for cancelled ship newbuilds. The recovery of the remaining claim of R236,4 million is progressing. In addition, proceeds of R306,1 million were received in December 2013 on the disposal of ships to the asset ownership joint venture.

Subsidiary capital expenditure of R2 020 million (2012: R1 370 million) is indicative of the continued investment into infrastructure, strategic assets and investments across the group.

The above cash flows had the impact of increasing the net debt position from R746 million at 31 December 2012 to R2 591 million at 31 December 2013. Net debt:equity increased to 21 per cent (2012: seven per cent). Net debt:equity excluding Financial Services is 22 per cent (2012: 11 per cent).

Net debt analysis (Rm)



Capital expenditure

Capital expenditure, including joint ventures, was R2 868 million (2012: R1 849 million), 81 per cent of which was expansionary, and the balance maintenance or replacement capital. Funds were invested in a 20 per cent equity investment into both Senwes Limited and NWK Limited, instalment payments on two products tankers and eight dry-bulk ships (sold into an asset ownership joint venture as at 31 December 2013), the Matola coal terminal Phase 3.5 expansion project, locomotives, the car terminal expansion, intermodal depot expansion and transport fleet investment.

Capital commitments of R1 662 million were approved as at 31 December 2013. The commitments are for the completion of the expansion of terminal capacity, railway infrastructure and the procurement of further locomotives and ships.

The approved commitments exclude the planned expansion of the terminal capacity in Maputo and Richards Bay, as well as the development of a bulk liquid storage facility at Coega, each of which is subject to final board consideration.

The board has approved capital raising of R3 billion to provide equity for this planned capital expenditure.

Authorised and contracted and authorised capital expenditure

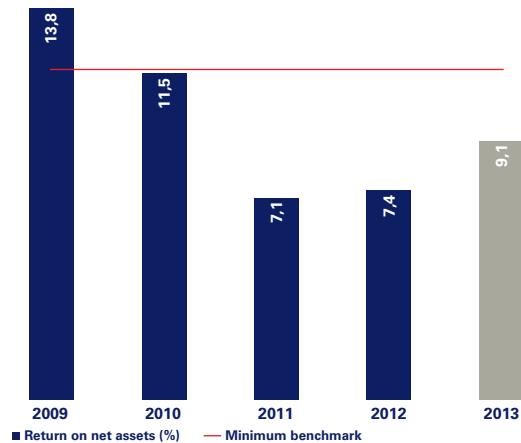
R million	2013	Capital commitments				Split as follows	
		Capital expenditure	2014	2015	2016+	Total	Approved not contracted
Freight Services	982	560	42	207	809	416	393
Ports and terminals	309	200	13	–	213	84	129
Rail	231	178	29	207	414	263	151
Intermodal	194	182	–	–	182	69	113
Other logistics	248	–	–	–	–	–	–
Trading	774	–	–	–	–	–	–
Agricultural commodities	763	–	–	–	–	–	–
Industrial raw minerals	11	–	–	–	–	–	–
Shipping	923	106	559	177	842	176	666
Dry-bulk	449	106	559	177	842	176	666
Tankers	474	–	–	–	–	–	–
Financial Services Group	136	–	–	–	–	–	–
	53	3	4	4	11	11	–
	2 868	669	605	388	1 662	603	1 059
Split as follows:							
Subsidiaries	2 020	431	46	227	704	359	345
Joint venture	848	238	559	161	958	244	714

The capital commitments table includes R958 million (2012: R576 million) relating to joint ventures.

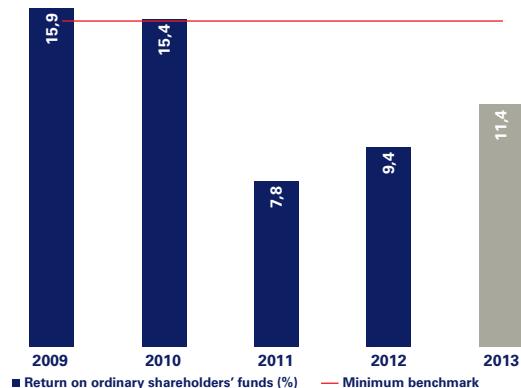
The group reviewed its weighted average cost of capital (WACC) calculation and project hurdle rates to ensure these reflected current market conditions and market outlook. The project hurdle rates, using project internal rate of return (IRR) are set out in the table below:

	High risk	Medium risk
ZAR	18%	15%
Emerging markets	20%	n/a
USD/EURO	15%	12%

Return on net assets (%)



Return on ordinary shareholders' funds (%)



Foreign currency exposures

The currency requirements of the capital commitments continue to be monitored. The group has US\$773.3 million (2012 restated: US\$758.3 million) net assets based outside of South Africa with US dollar cost bases, generating US dollar revenues. The rand once again experienced a turbulent year weakening from R8,48/US\$ to R10,55/US\$ as at year-end and an average rate of R9,67/US\$ for the year. Foreign exchange risks are monitored and mitigated in terms of approved policies.

Interest rate exposures

The group's South African interest rate exposure is currently not fixed. Some of the group's non-South African joint venture operations have fixed interest rates in line with group policy. Opportunities to lock in low rates continue to be evaluated and will be entered into at the appropriate time to limit exposure to increasing interest rates, in line with the group's interest cover policy.

Financial controls and risk management

Key financial personnel are employed across the group to manage the financial departments which monitor and support the operations through the analysis and reporting of results. These finance teams, with the support of financial systems, ensure that financial information reported is complete, accurate, relevant and timely.

Internal control systems are designed to provide reasonable assurance against material losses and the 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.

Principal 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 maintained and achieved;
- a system of financial planning, budgeting and reporting which enables performance to be monitored against predetermined objectives;
- internal financial controls which are supported by the group's IT systems;
- a finance team with the appropriate level of skill and technical training; and
- independent oversight by the internal audit division through the development and testing of financial control frameworks.

During 2013, internal financial control frameworks were tested by the internal audit division at a number of locations. Areas of non-compliance were reported to and discussed with management, whereafter action plans were drafted and implemented to address the risk of material misstatement of financial results.



Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 31 December 2013 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements comply with Schedule 4 of the South African Companies Act, No 71 of 2008 and the disclosure requirements of the JSE Listings Requirements.

The annual financial statements were approved by the board of directors on 25 February 2014, on the recommendation of the audit committee.

Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the consolidated financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 December 2012.

Refer to note 1 of the annual financial statements for further detail on new standards and interpretations not yet adopted.

Critical judgements in applying the group's accounting policies/ key sources, are dealt with in detail in the accounting policies section in the annual financial statements.

Abridged financials

Summarised consolidated annual financial statements have been included in the integrated annual report.

Events after the reporting date

There were no events after the reporting date to report subsequent to 31 December 2013.

Focus for 2014

In addition to the strategic financial areas outlined under financial strategy, key financial focus areas for 2014 will be:

- raising of capital;
- managing strategic partnerships to facilitate execution and reducing risk;
- managing cash flows and funding requirements for project execution;
- careful deployment of group equity;
- aligning reporting systems across the group; and
- enhancing operating efficiencies and cost.



Andrew Waller

Group Financial Director

25 February 2014

The full set of annual financial statements and notes are available on www.grindrod.co.za. The audit opinion is available to view at the registered office.





Conveyor and stacker reclaimer at Terminal de Carvão da Matola (TCM)

Five-year review

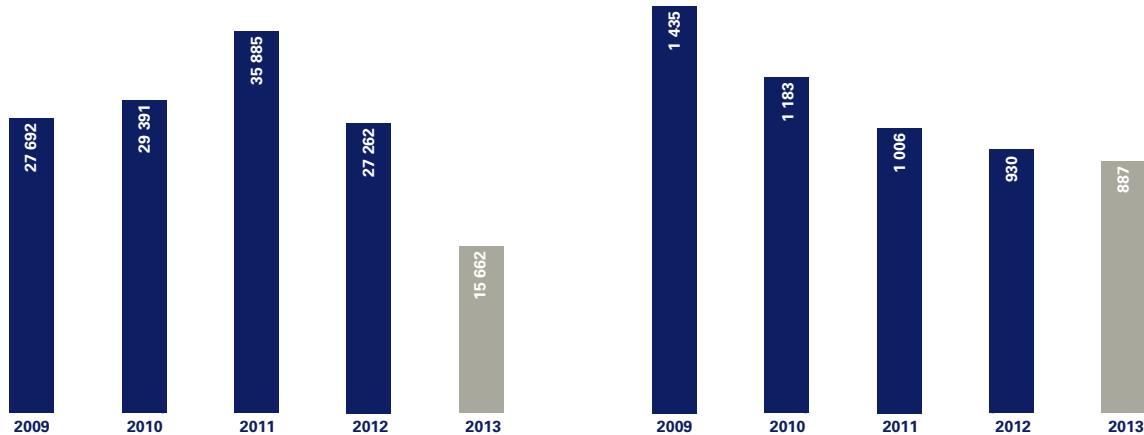
		2013	2012	2011	2010	2009
Group income statement						
Revenue	(Rm)	15 662	27 262	35 885	29 391	27 692
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(Rm)	887	930	1 006	1 183	1 435
Depreciation and amortisation	(Rm)	(463)	(412)	(363)	(295)	(292)
Operating profit before net interest and taxation	(Rm)	424	518	643	888	1 143
Non-trading items	(Rm)	479	200	60	13	14
Net interest paid	(Rm)	(93)	(21)	(49)	(51)	(91)
Profit before share of joint venture and associate companies' profit	(Rm)	810	697	654	850	1 066
Share of joint venture and associate companies' profit after taxation	(Rm)	568	349	118	109	76
Profit before taxation	(Rm)	1 378	1 046	772	959	1 142
Taxation	(Rm)	(116)	(141)	(175)	(114)	(188)
Profit after taxation	(Rm)	1 262	905	597	845	954
Minority interest	(Rm)	(30)	(11)	(13)	(6)	(12)
Profit for the year before preference dividends	(Rm)	1 232	894	584	839	942
Preference dividends	(Rm)	(55)	(57)	(53)	(59)	(69)
Profit attributable to ordinary shareholders	(Rm)	1 177	837	531	780	873
Ordinary shareholders' interest in non-trading items	(Rm)	(475)	(231)	(60)	(13)	(16)
Headline earnings	(Rm)	702	606	471	767	857
Group statement of financial position						
Non-current assets	(Rm)	12 492	9 312	7 582	6 516	5 621
Loans and advances to bank customers	(Rm)	3 675	3 188	2 542	1 710	1 483
Current assets	(Rm)	12 255	9 573	10 397	5 668	5 527
Total assets	(Rm)	28 422	22 073	20 521	13 894	12 631
Total equity	(Rm)	12 133	10 241	9 311	5 971	5 836
Non-current liabilities	(Rm)	3 311	3 097	2 437	1 513	1 239
Deposits from bank customers	(Rm)	8 015	4 661	2 911	2 016	1 756
Current liabilities	(Rm)	4 963	4 074	5 862	4 394	3 800
Total equity and liabilities	(Rm)	28 422	22 073	20 521	13 894	12 631
Group cash flows						
Cash available from operations (excluding dual-purpose assets)	(Rm)	3 304	1 986	70	913	400
Distribution/dividends paid	(Rm)	(174)	(215)	(230)	(300)	(461)
Cash retained from operations	(Rm)	3 130	1 771	(160)	613	(61)
Proceeds on disposal of property, terminals, vehicles, equipment, investments and other items	(Rm)	161	500	111	70	51
Cash available for investment	(Rm)	3 291	2 271	(49)	683	(10)
Cash invested	(Rm)	(1 705)	(1 137)	(343)	(366)	(587)
Net finance repaid/(raised)	(Rm)	1 586	1 134	(392)	317	(597)

2009 figures include joint ventures on a management basis (proportionately accounted).

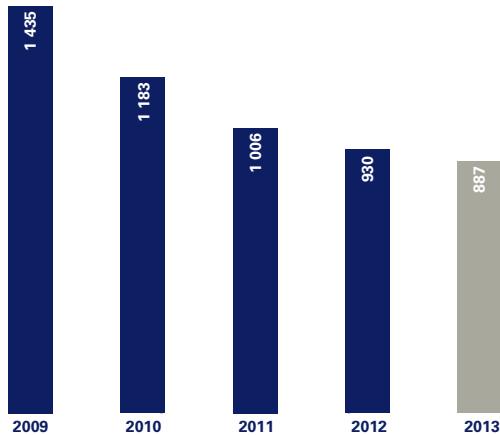
2010 and 2011 figures have been restated for IFRS 11 (joint ventures equity accounted).

2012 has been restated due to the application of IAS 19 Employee Benefits as amended, reclassification of joint venture intercompany balances and due to compliance with the Headline Earnings Circular 2/2013.

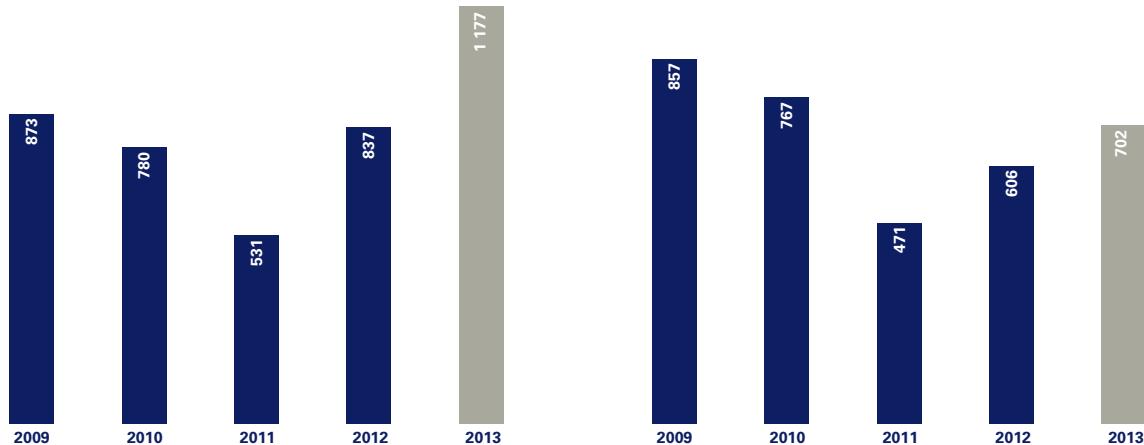
Revenue (Rm)



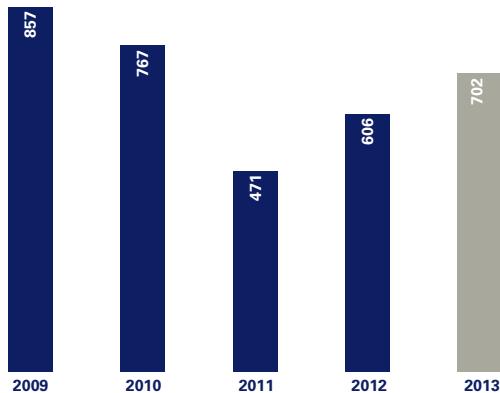
EBITDA (Rm)



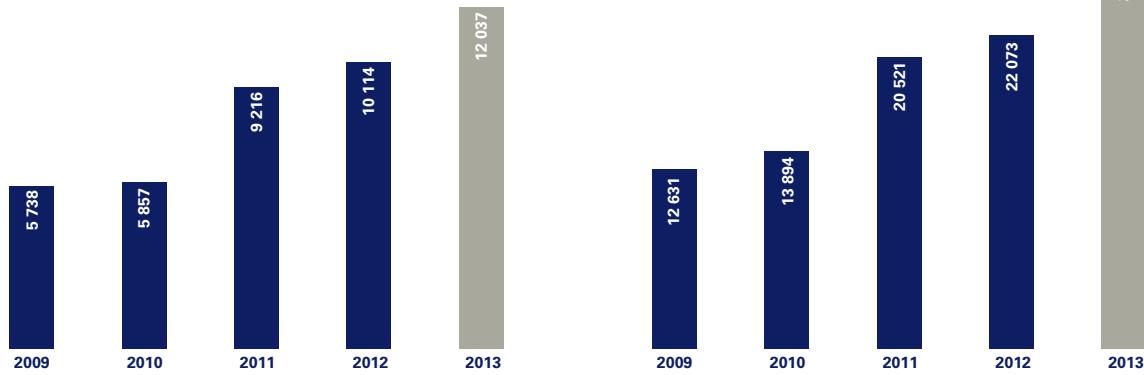
Attributable profit (Rm)



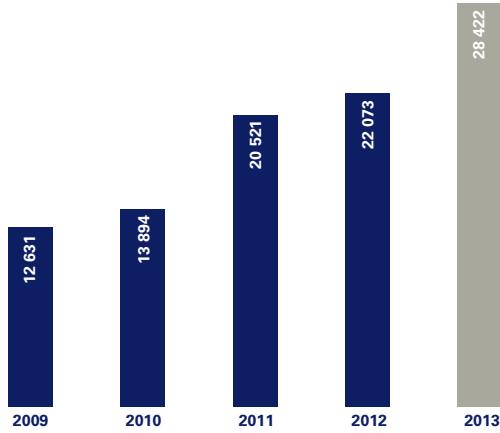
Headline earnings (Rm)



Shareholders' funds (Rm)



Total assets (Rm)



business review >> five-year review continued

	2013	2012	2011	2010	2009
Ordinary share performance					
Number of ordinary shares in issue net of treasury shares (000s)	591 586	590 486	589 536	455 803	454 203
Weighted average number of ordinary shares on which earnings per share is based (000s)	591 109	590 097	478 234	454 591	452 278
Earnings per share – basic (cents)	199,1	141,8	111,0	171,6	193,0
Headline earnings per share – basic (cents)	118,7	102,6	99,6	167,7	189,6
Share price – closing (cents)	2 803	1 585	1 400	1 895	1 780
Market capitalisation at 31 December (Rm)	16 839	9 252	8 382	8 811	8 239
Price: earnings ratio (times)	14,1	11,2	12,6	11,0	9,2
EV/EBITDA (times)	17,2	15,3	13,6	7,9	5,6
Dividend/distribution per share (cents)	37,1	32,9	29,5	54,0	60,0
Dividend/distribution cover (times)	5,4	4,3	3,8	3,2	3,2
Dividend yield (%)	1,3	2,1	2,1	2,8	3,4
EBITDA per share*	300,0	235,6	256,1	286,9	317,3
Net worth per share at book value (cents)	1 926	1 609	1 454	1 147	1 122
Key financial ratios					
<i>Profitability</i>					
Operating margin** (%)	2,7	1,9	1,8	3,0	4,1
Operating margin including joint venture entities (%)	3,6	2,6	2,2	3,3	–
Operating margin excluding bulk product trading (%)	8,4	5,8	7,3	10,9	12,2
Return on net assets (%)	9,1	7,4	7,1	11,5	13,8
Return on ordinary shareholders' funds – minimum (%)	11,4	9,4	7,8	15,4	15,9
Effective rate of taxation excluding joint ventures (%)	14,4	20,2	26,8	11,9	16,5
<i>Leverage and liquidity</i>					
Total liabilities to total shareholders' interests (%)	51,7	23,2	52,8	70,6	75,8
Net interest-bearing debt to total shareholders' interests – maximum (%)	21,4	7,3	9,6	30,7	4,4
Net debt to EBITDA – maximum (times)	2,9	0,8	0,9	1,6	0,2
Debt: service cover ratio 0,6		1,3	(0,5)	2,8	3,2
Interest cover – minimum (times)	9,7	33,8	14,2	17,8	12,7
Current ratio – minimum 2,3		2,3	1,8	1,3	1,5

* Restated to include EBITDA of joint ventures.

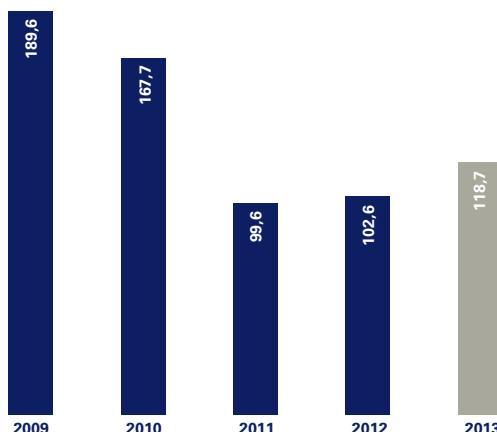
** The operating margin has been calculated on the legal basis (joint ventures equity accounted).

2009 figures include joint ventures on a management basis (proportionately accounted).

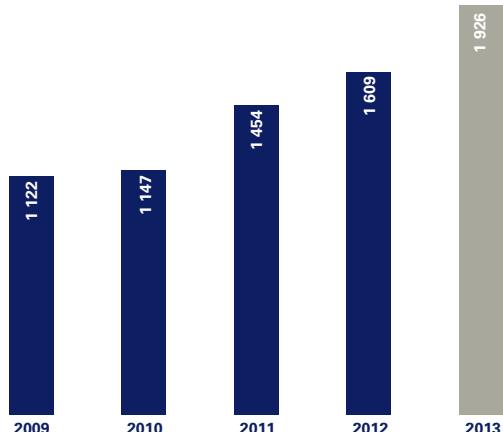
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2012 has been restated due to the application of IAS 19 Employee Benefits as amended, reclassification of joint venture intercompany balances and due to compliance with the Headline Earnings Circular 2/2013.

Headline earnings per share (cents)



Net worth per share (cents)



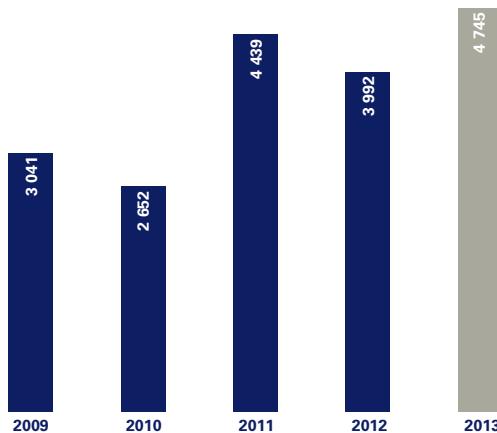
	2013	2012	2011	2010	2009
Transformation					
Employment equity – HDSA (%)	79,1	77,5	81,4	88,3	83,5
B-BBEE Contributor Level – Grindrod Limited	Level 3	Level 3	***	***	***
Social responsibility					
Total spend on projects (Rm)	15,5	5,6	4,1	2,5	2,3
Environment					
Energy efficiency – electricity (kWh)/FTE	2 791	3 093	3 445	3 736	****
Total GHG emissions (CO ₂ equivalent) (tonnes)	512 376	418 957	374 924	294 446	****
GHG emissions intensity (CO ₂ per rand revenue) (grams)	15,6	14,9	10,1	9,8	****
Safety and health					
Fatalities					
– Freight Services	2	2	1	2	5
– Grindrod Management Services	1	–	–	–	–
Lost-time incidents					
– Freight Services	109	120	74	72	52
– Shipping	8	2	3	1	–
Lost-time injury frequency rate (LTIFR)*****					
– Freight Services	1,31	8,42	5,53	7,03	7,03
– Shipping	0,29	0,47	0,88	0,80	–
HIV/Aids initiative spend (Rm)	0,2	0,9	1,3	****	****
Human capital					
Number of employees at year-end	7 675	7 295	5 177	5 631	4 477
– subsidiaries	4 304	3 765	4 026	4 849	3 829
– joint ventures and associates	3 371	3 530	1 151	782	648
Training spend (Rm)	18	13	10	10	9
Average training spend per employee (R)	2 344	1 710	1 893	1 687	2 010
Assets per employee (R000)	4 745	3 992	4 439	2 652	3 041
Profit per employee (R000)	197	151	115	149	210

*** Not determined.

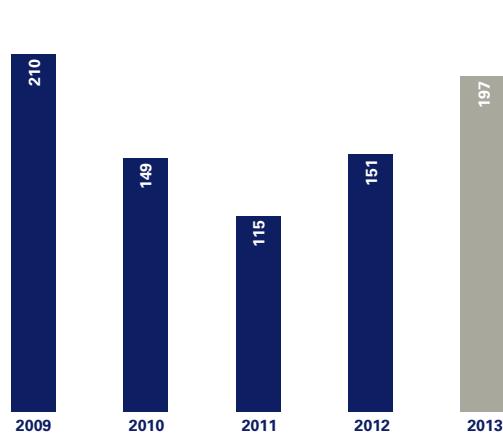
**** Not recorded.

***** LTIFR was calculated using 200 000 manhours in 2013 as opposed to 1 000 000 manhours in the previous year.

Assets per employee (R000)



Profit per employee (R000)



Operational review



Grindrod Logistics Automotive



Freight Services

46



Trading

54



Shipping

60



Financial Services

68





Freight Services

Freight Services grew its business further in 2013 through investments in and around its key logistics corridors and the optimisation of mature and new business activities. This resulted in the expansion of services into neighbouring countries and set the scene for further expansion of the business both in South Africa and Africa.

R577 million

**Attributable profit
(excluding capital profits)**

R6 859 million

Total assets

▲ 52%

2012: R379 million

▲ 27%

2012: R5 413 million

Key objectives in the 2014 – 2016 strategic plan

- Invest along key logistics corridors to maximise service synergies and improve end-to-end integrated service offerings.
- Invest in freight-related infrastructure to expand capacity and geographic scope of services.
- Align supply chain strategy with commodity demand to maximise throughput.
- Leverage infrastructure investments for growth on the African continent.
- Rationalise and attain full capacity utilisation for Logistics businesses.
- Comply fully with applicable legislation to achieve zero fatalities and a reduction in the LTIFR by 20 per cent year on year.

Key ratios		2013	2012
Margin	%	18,1	14,0*
Debt:equity ratio		0,31:1	0,25:1
Return on ordinary shareholders' equity	%	18,6	32,7
Return on net assets	%	21,2	20,7
Number of employees		6 172	5 322

* Restated due to segment adjustments.





6 172

Employees



20

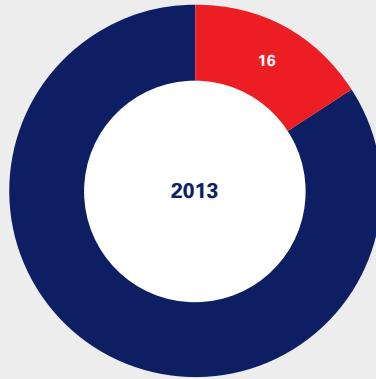
Countries



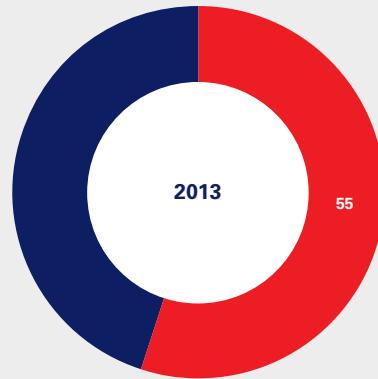
65

Locomotives

Contribution to group revenue (%)



Contribution to attributable profit (%)



Sacker Reclaimer at Terminal de Carvão da Matola (TCM)



The Freight Services division offers an integrated logistics service solution to its customers and aims to deliver superior services from pit-to-port on key strategic corridors where it operates.

Income statement

	2013 Rm	2012* Rm	Growth %
Revenue	5 028	3 929	28
EBITDA	1 169	770	52
Operating income	908	550	65
Share of associate companies' profit	13	10	30
Attributable profit	652	793	(18)

* Restated due to segmental adjustments.

Statement of financial position

	2013 Rm	2012 Rm	Growth %
Non-current assets/investments	4 613	3 480	33
Current assets	2 246	1 933	16
Total assets	6 859	5 413	27
Equity	3 943	3 212	23
Net debt	1 228	799	54
Other liabilities	1 688	1 402	20
Total equity and liabilities	6 859	5 413	27

Gross revenue increased by 28 per cent to R5 028 million (2012: R3 929 million). Profit attributable to ordinary shareholders decreased by 18 per cent to R652 million from R793 million (which included a capex profit of R415 million on the disposal of 35 per cent of the Matola coal terminal) in 2012.

The attributable profit for 2013 includes a capital gain of R75,8 million on the sale of Grindrod Tank Terminals to OTGC Holdings. If capital profits are excluded, the comparable figures are R577 million and R379 million (2012), an improvement of 52 per cent.

Ports, Terminals, Rail and Seafreight

Income statement

	2013 Rm	2012* Rm	Growth %
Revenue	2 444	1 692	44
EBITDA	869	517	68
Operating income	752	425	77
Earnings ¹	577	343	68
Attributable profit	569	741	(23)
Operating margin (%)	30	25	20

¹ Before the allocation of overheads and non-trading items.

* Restated.

Ports, Terminals, Rail and Seafreight continues to drive growth and profitability by expanding strategic assets and supply-chain capabilities to improve the logistics service offering to customers and increase the productivity and sustainability of the business across the full spectrum of its operations.

Achievements

- Expanding the capacity of the TCM coal and magnetite terminal in Maputo by 1,3 million tonnes to 7,3 million tonnes.
- Increasing the Maputo car terminal capacity from 1 294 to 4 126 parking bays to accommodate the increased vehicle traffic flow.
- Finalising plans to expand the capacity of the TCM and Grindrod Navitrade coal terminal in the port of Richards Bay.
- Finalising requirements to build a petroleum products terminal with a 250 000m³ capacity in the port of Coega, only subject to NERSA tariff approval.
- Establishing a joint venture to construct a commercial crude oil storage and blending terminal with a capacity of 13,2 million barrels in the port of Saldanha Bay.
- Investing in additional rail infrastructure and service providers to offer the full spectrum of private and mainline services in Africa, including the acquisition of 74,9 per cent of RACEC Group Limited (in the process of being changed to Grindrod Rail Construction Company Proprietary Limited), a company providing railway track engineering, construction and maintenance services.
- Optimising the OACL seafreight service by developing a Durban container terminal and rescheduling the shipping service.
- The erection by Vanguard of nine 3MW wind turbines on Van Stadens Wind Farm in the Eastern Cape, scheduled to start generating power into the national grid by February 2014.

Challenges

Some of the material challenges during the year which are receiving attention include:

- Decisions to invest in a number of sizeable projects were finalised during 2013. These projects will impact positively on Grindrod's ability to expand and improve services to customers over the long term, but they require careful planning and management to achieve optimum capital spend, financial leveraging and execution.

- Value-chain management across corridors and borders requires careful management and stakeholder engagement. Stakeholders include governments, government departments and organisations, service providers, partners and competitors – and, in some instances, a stakeholder is a service provider, partner and competitor, as in the case of Transnet. These intricate relationships are managed on a continuous basis, to optimise mutual benefit in the interests of all stakeholders.

- The expropriation of the Zambian rail concession and associated assets during 2012 necessitated intensive stakeholder engagement to mitigate the risk of asset loss. As a result of the engagement, the Zambian government released certain assets. Grindrod Rail continues to engage to find acceptable ways to ensure a sustainable solution.
- The depth of the channel into the port of Maputo restricts access to both panamax vessels and some berths inside the port. Plans to improve access by deepening the channel and to rehabilitate three berths are in progress.
- The Maputo car terminal was affected by a strike in the automotive industry which, with the subsequent strike in the transportation industry, resulted in reduced volumes during the last quarter of the year.
- At all businesses, management continued to focus on business optimisation by reducing operational and fixed costs, maximising capacity and exploring additional revenue-generating activities within existing services and infrastructure.

Risks

Risks to the sustainability of business are managed on a continuous basis.

Ensuring the safety of employees, especially those working in hazardous environments, is paramount. This risk is mitigated by constantly entrenching the Grindrod safety culture and standard operating procedures (SOPs) at existing and new operations and by including safety as a key performance indicator in employee and management performance scorecards.

Port operations and other concessions and infrastructure investments outside South Africa are subject to sovereign risk due to political instability or expropriation. The risk is mitigated through collaborative and consultative engagement with the regional governments, focused investment in social development initiatives and, where appropriate, by partnering with carefully selected local stakeholders who share Grindrod's values and ethics and who have knowledge of and influence in the markets. Political risk insurance is arranged when appropriate.

In Mozambique, where the Maputo port concession is managed by a consortium, macro-level risks such as political, social and economic stability are closely monitored and constant communication with the government is maintained. Partners in the port concession are the Mozambiquan government, Dubai Ports World (DP World) and local partners.

The same applies to the Zimbabwe rail concessions, which run until 2024 and 2029. On an operational level, the stakeholders' contractual liabilities are monitored on an ongoing basis.



operational review >> freight services continued

Connectivity across the value chain, from point of origin to final destination, is a complex risk to manage. Careful planning, focused management and partnership investments mitigate the risk.

Cyclical, inherent to commodity markets, affects price, volume and customer commodities that are in Grindrod's custodianship. Commodities monitoring, take-or-pay agreements and the diversification of value-chain infrastructure to accommodate multiple commodities mitigate these risks.

Terminals capacity and utilisation

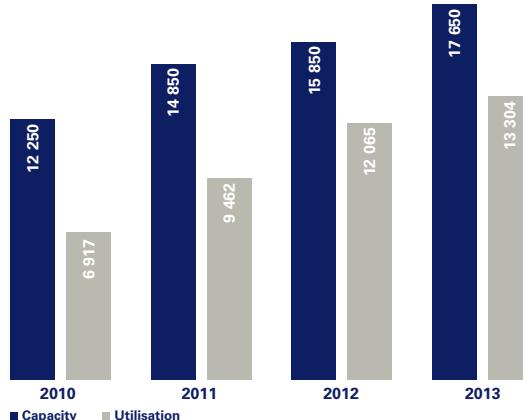
Terminal	Note	2013	2012	% change	Existing capacity	Existing, plus capacity under construction
Dry-bulk (tonnes)						
Matola coal terminal	1	13 304 503	12 065 176	10	18 650 000	19 150 000
Richards Bay		4 314 260	4 475 649	(4)	7 300 000	7 300 000
Maydon Wharf (Durban)		4 367 842	3 815 060	14	6 100 000	6 100 000
Walvis Bay (Namibia)		853 272	719 755	19	700 000	1 200 000
Maputo sized coal terminal		383 682	380 109	1	550 000	550 000
3 385 447		2 674 603	2 7	4 000 000	4 000 000	
Liquid-bulk (m³)						
Durban		171 475	202 166	(15)	260 000	325 000
Cape Town		90 600	95 218	(5)	140 000	185 000
80 875		106 948	106 948	(24)	120 000	140 000
Maputo automotive (number of vehicles)	2	71 368	47 743	50	120 000	120 000

Notes:

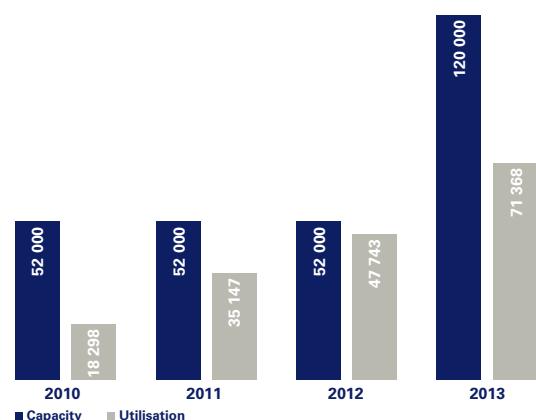
¹ TCM coal and magnetite terminal in Maputo expanded by 1.3 million tonnes to 7.3 million tonnes during the year.

² The Maputo car terminal capacity increased from 1 294 to 4 126 parking bays during the year to accommodate the increased vehicle traffic flow.

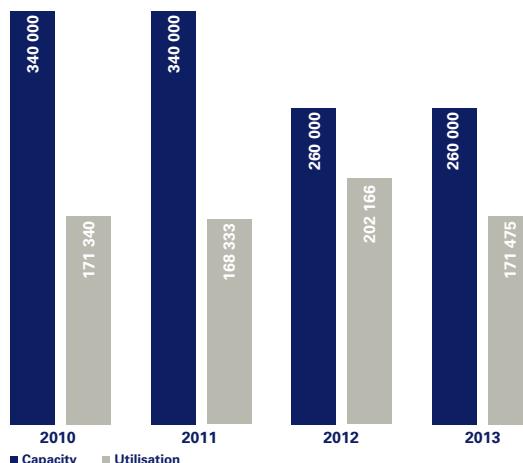
Dry-bulk terminals (tonnes)



Car terminals (number of vehicles)



Liquid-bulk terminals (m³)



Opportunities

Various improvements and expansions are ongoing at Maputo Port (MPDC), which include dredging, berth rehabilitation and expansion, rail, road and port integration, and expansion to ensure continued growth from 17 million tonnes in 2013 to 50 million tonnes by 2020.

The joint venture between OTCG and MOGS to establish a crude-oil storage and blending terminal at Saldanha comprising 12 concrete tankers with a capacity of 13,2 million barrels, with commissioning planned in 2016, will provide for further diversification in Grindrod's terminal services and geographical footprint.

The port of Saldanha Bay has the potential to establish itself as a global crude transhipment hub as it is close to strategic tanker routes between key oil-producing regions and major oil-consuming markets. It is also ideally situated for blending West African and South American crude oils.

OTCG partner Oiltanking is the second largest independent tank storage provider for petroleum products, chemicals and gases, owning and operating 73 terminals in 23 countries with an overall storage capacity of 20 million cubic metres. Two tank terminals in Durban and Cape Town previously held in Grindrod terminals form part of the joint venture, which will be managed by Oiltanking.

The focus on the expansion of liquid-bulk capabilities by OTCG includes plans to invest R2,5 billion in a petroleum products terminal with a 250 000m³ capacity in the port of Coega, 20 kilometres north-east of Port Elizabeth. OTCG was granted a 25-year licence by the National Energy Regulator of South Africa (NERSA) to build and operate the terminal and is waiting for NERSA tariff approval before commissioning design and construction.

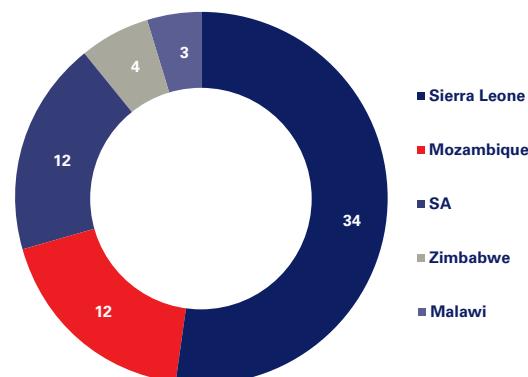
The objective is to expand the capacity of the Grindrod Navitrade coal terminal in Richards Bay from 4 million tonnes to 20 million tonnes a year, through a joint venture with B-BBEE coal operator RBT Resources which will increase coal-trading opportunities. Following the current underperformance in the coal market, the R3 billion project was changed to a brownfields or staged project, to schedule expansion in line with changes in market demand. The expansion plan includes an inland terminal where junior coal miners can deliver their coal to be blended into grades suitable for export before being railed to Navitrade. The inland terminal will also provide junior coal miners with a consolidation hub to service Eskom power stations.

Opportunities in expanding seafreight services are continuously being explored, including the expansion of services between ports and hubs to optimise group complementary services. Seafreight is the most cost-effective mode of bulk transport and some 90 per cent of freight is moved by sea. Locally, growth opportunities for OACL will be pursued following the right-sizing of the coastal feeder business in 2013. This includes

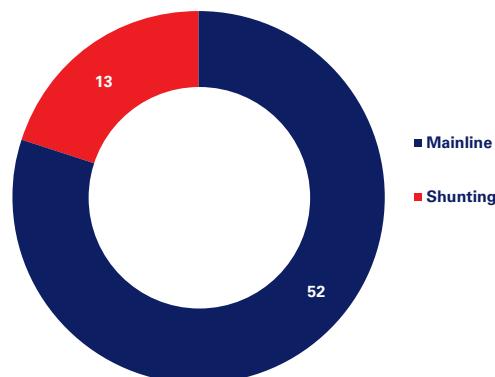
an agreement with MOL to provide a feeder service between Cape Town and Walvis Bay and the development of a container terminal in the port of Durban.

Terminal business optimisation initiatives focus on efficiency of services and diversification of commodities to ensure optimum return on investments.

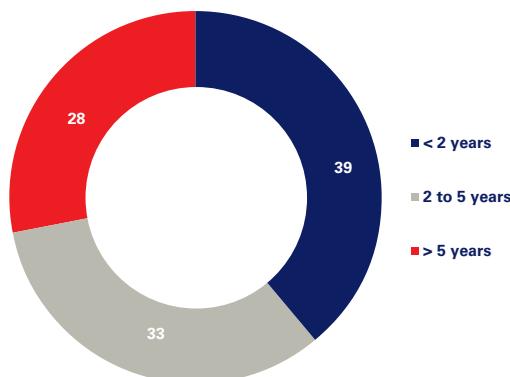
Locomotive fleet location



Locomotive fleet type



Terminals customer analysis (%)



Rail services have vast potential in Africa. In South Africa, a large-scale overhaul of existing services has been announced by Transnet and a similar renaissance is evident in the rest of Africa. Grindrod aims to optimise its concessions and expand its involvement in the rail and complementary services value chain through its comprehensive array of services. Freight Services manages concessions in Zimbabwe (approximately 800 kilometres of track between Bulawayo and Victoria Falls), provided locomotives in Sierra Leone (the 170-kilometre pit-to-port Tonkolili line) and in Mozambique (the 170-kilometre line between the Vale mining company's Moatize coal mine in northern Mozambique and the port of Beira).

As mining activities expand, Mozambique offers further transport and port expansion opportunities. The Mozambique coastline is longer than that of South Africa. Grindrod has taken the first steps to establish a presence in the port of Beira in central Mozambique by investing in land, but the development poses substantial geological challenges. The ports of Pemba and Palma, further north, offer expansion opportunities thanks to gas exploration developments. These ports are also close to Zambia, Malawi and Tanzania, linking to other strategic corridors.

An opportunity to optimise the Grindrod investments in the port of Maputo is to increase the capacity of the rail infrastructure to the port. Currently some 75 per cent of freight is transported by road. Negotiations with the Mozambiquan authorities will explore the possibility of a government investment or partnership. Strategic negotiations with Transnet aim to optimise the South African link to the neighbouring country.

Improvements to Grindrod infrastructure will also increase the utilisation of the port facilities. Measures and investments that are being investigated to improve service include expanding the sidings infrastructure, improving off-loading equipment and increasing yard space to accommodate larger volumes.

Sustainability and outlook

Ports, Terminals, Rail and Seafreight looks forward to a reasonable year. At existing operations, it will continue its efforts to maximise capacity and minimise cost. Existing and planned expansions will be frugally managed to ensure efficiency and sustainability from commissioning onwards.

The fundamentals underpinning the iron ore market remain balanced, although additional expected production could see prices moderate. Coal consumption will continue to increase year on year, although the market fundamentals are currently less supportive than those for iron ore.

The Maputo investments are expected to continue increasing contribution to profit. During the past nine years traffic through the port has increased nine-fold, fed by three rail lines: Ressano Garcia from South Africa, Goba from Swaziland and Chicualacuala from Zimbabwe.

Global seaborne trade volumes continue to increase as China's expanding economy drives demand for commodities. Current

cargoes of just over nine billion tonnes a year are set to rise and are expected to be between 19 and 24 billion tonnes by 2030.

The Grindrod rail-services offering and contribution to the bottom-line will increase as the consolidation of services continues. Rail utilisation is driven by the demand for commodities, which is robust.

Logistics

Income statement

	2013 Rm	2012 Rm	Growth %
Revenue	2 584	2 237	16
EBITDA	300	253	19
Operating income	156	125	25
Earnings ¹	91	66	38
Attributable profit	83	52	60
Operating margin (%)	6	6	-

¹ Before the allocation of overheads and non-trading items.

Logistics contribution to attributable profit increased to R91 million (from R66 million in 2012), as a result of a strong focus on cost optimisation, the expansion of tanker services into neighbouring countries and increased vehicle transportation volumes through the port of Maputo.

Achievements

- Securing Nissan and Renault as clients, in addition to BMW, through the Grindrod Maputo car terminal.
- Converting the vehicle transportation logistics support to provide real-time fleet tracking capabilities and accurate stock-taking across southern Africa.
- Optimising the Fuelogic fleet by redeploying road tankers from South Africa to Botswana and Mozambique following the commissioning of the million-litres-an-hour Transnet pipeline between Durban and Heidelberg and robust demand in the two neighbouring countries. The Mozambique fleet grew from 18 to 80 vehicles in six months and is expected to reach 130 in 2014.
- Replacing another 34 trucks with more fuel-efficient vehicles as part of the continual replacement strategy; increasing the fleet fuel efficiency by 36 per cent to 38/100km (from 52l/100km in 2012).
- Continuing the right-sizing of the transport business by closing the dry-bulk tipper truck division, converting 45 rigs to fuel tankers and reducing the Intermodal fleet from 39 to 21 vehicles in favour of an owner-driver initiative.
- Expanding the Fuelogic business into the Western Cape and Eastern Cape.
- Integrating the Sturrock and Grindrod ships agency businesses into the Sturrock Grindrod Marine joint venture between Grindrod Ships Agencies and JFM Sturrock Holdings.

Challenges

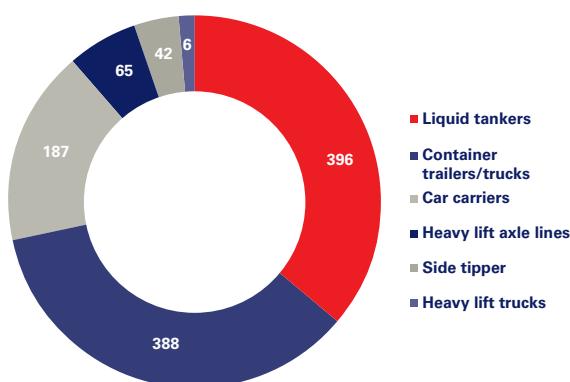
The overriding focus in the road transportation businesses remains load optimisation, notably careful planning to reduce empty-leg journeys, which is best achieved by triangulation. Success in this regard is achieved by expanding the footprint even more to achieve a spread customer base. An alternative to multi-leg journeys, in the case of mineral containers, is to use half-height containers, which can be stacked more economically when empty. This option will be further explored in 2014.

The eventual relocation of the port of Port Elizabeth to the port of Coega will require careful planning and a substantial capital expenditure to establish Intermodal facilities at the new port.

In the current economic climate, the subdued GDP growth, weaker exchange rate and higher cost of fuel posed challenges to, notably, the vehicle transport business.

At Intermodal, operational optimisation initiatives to return the dry-bulk business to profit continued, resulting in a reduced loss for 2013 of R14,7 million when compared to the 2012 loss of R25,0 million. As at 31 December 2013, the new business model has been fully implemented, which should result in a positive outcome for 2014, thus concluding the turnaround of the business.

Owned and leased logistics fleet



Risks

Major risks to mitigate in the transportation industry are protecting the assets being transported and avoiding possible accidents and spills which could endanger lives and cargo. These risks are mitigated by investing in quality vehicles, proactive maintenance and well-trained personnel.

The transportation industry is also sensitive to industrial action, be it internal or external. The strike in the automotive industry in the third quarter of the year impacted negatively on vehicle output and transportation volumes, as did strikes in the transportation and fuel retail industries.

Vehicle and personnel risks such as theft and hijacking are mitigated by satellite-based tracking systems in the vehicles.

Opportunities

In terms of existing business, Logistics aims to expand its current service offering to vehicle manufacturers by integrating its logistics service into customers' facilities, to take delivery of vehicles on customer premises, as they exit the production line.

The continuing introduction of new models by manufacturers underpins the vehicle business, providing the potential for increased volumes both in South Africa and through the port of Maputo.

To enhance the vehicle delivery service to dealerships, the radio-frequency tracking software will be extended to dealerships to give them accurate delivery information to facilitate their planning.

The Intermodal depot under construction in Denver, Johannesburg offers vast potential in terms of increasing its container- and minerals-handling capacity. The depot is being built on a 130 000m² site, centrally situated next to the M2 highway.

The new 50 000m² depot in the port of Maputo, in a joint venture with DP World, will offer expansion opportunities in Mozambique when the depot is completed in 2014. The depot will be equipped for container and minerals handling and container repair services.

The success of the three turbines erected by Vanguard in the Eastern Cape opens the doors for growing its renewable energy business both in South Africa and further into the continent.

Sustainability and outlook

Business optimisation and integration were key focus areas in 2013. These laid the foundation to extend facilities and services over the short and long term, to continue expanding the Logistics market reach. These areas will remain priorities, as will the careful planning of capital investments to establish the new Maputo, Coega and Denver facilities.

Further expansion opportunities into East and West Africa, off the existing service base and into new commodities, will be continuously evaluated.

The vulnerability in the Fuelogic business, illustrated by the cancellation of a major petroleum contract two years ago and the commissioning of the Transnet fuel pipeline from Durban northwards, have been addressed. The business has now expanded geographically and increased both its product and contract base, providing opportunities for targeted growth in the future.

The recently merged ships agency businesses gives the Sturrock Grindrod Marine joint venture the opportunity to expand its dry and containerised ships agency offices, expand into oil and gas projects and explore expansion in the Middle East.





Trading

Business integration and consolidation were two key focus areas at Trading during 2013 in its quest to improve the reach and depth of its value chains across commodities.

R323 million
Attributable loss

▼ 383%

2012: R114 million profit

R5 402 million
Total assets

▲ 41%

2012: R3 837 million

Key objectives in the 2014 – 2016 strategic plan

- Apply an integrated value-chain approach to investments.
- Fully develop existing businesses in line with market demand and target opportunities for growth.
- Provide integrated, value-adding solutions to producers and customers.
- Ensure adequate scale in selected geographic regions and commodities.
- Focus on SHEQ systems.
- Increase utilisation of group assets, services and resources.

Key ratios		2013	2012
Operating margin	%	(0,5)	0,9
Operating margin per tonne	US\$	2,49	3,90
Debt:equity ratio		1,40:1	1,13:1
Return on ordinary shareholders' equity	%	(27,6)	12,8
Return on net assets	%	(12,9)	6,6
Number of employees		569	1 119





569
Employees



25
Countries



5,2 million
Volumes traded

Ferro Chrome loading into a dry-bulk vessel

operational review >> trading continued

Income statement

	2013 Rm	2012 Rm	Growth %
Revenue	22 415	27 074	(17)
EBITDA	(93)	259	(136)
Operating income	(110)	242	(145)
Share of associate companies' profit	10	1	(900)
Attributable (loss)/profit	(323)	114	(383)

Statement of financial position

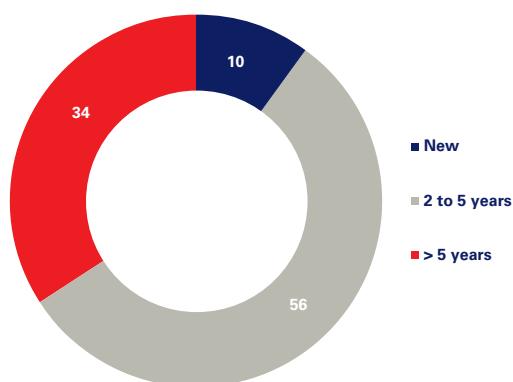
	2013 Rm	2012 Rm	Growth %
Non-current assets/investments	1 168	858	36
Current assets	4 234	2 979	42
Total assets	5 402	3 837	41
Equity	1 309	1 000	31
Net debt	1 826	1 129	62
Other liabilities	2 267	1 708	33
Total equity and liabilities	5 402	3 837	41



Trading



Agricultural commodities customer analysis (%)





Sized coal to be loaded in Maputo Port

Achievements

- Concluding a B-BBEE deal between Oreport and a company held by a Sisulu family trust.
- Acquiring 20 per cent interests in each of Senwes Limited and NWK Limited.

Challenges

Atlas made a loss in 2013, due largely to compressed margins as a result of increased competition, volatile markets and currencies which made hedging difficult. Further, the backwardation of soybean meal markets made it unprofitable to carry inventory. These factors, combined with a second year of severe drought which impacted crop yields in the inland region, significantly reduced volumes and, consequently, overall profitability. Trading desks impacted by the closure of the crop origination programme or showing poor profitability were closed down, together with impairment of the carrying values and measures introduced to reduce operating costs. It is contemplated that the remaining business will be consolidated with other divisional agricultural investments, sold or shut down.

Oreport and Chromtech were impacted by lower UG2 chrome volumes caused by shutdowns at platinum mines, and lower chrome prices caused by oversupply.

The Oreport Holdings shareholding in the Otjozondu manganese mine, which is being developed in Namibia, is being assessed so as to optimise the group's investment in this entity.

Risks

Price and market volatility are the biggest risks in Trading and have had a significant effect on the performance of Atlas. These risks are managed through the use of a value-at-risk (VaR) model which limits the extent of open positions taken. Operations were restricted to levels well below the mandated limits to limit risk which reduced the volumes traded.

Exchange rate risk is managed, usually through forward exchange contracts (FECs), when commodities are purchased and sold in different currencies.

Counterparty risk is managed through careful vetting, credit policies and monitoring and reporting, and mitigated where necessary through producer crop insurance and customer credit risk insurance.

In the trading environment, inadequate skills or systems pose a tangible risk. Skilled traders and reliable, real-time systems are pivotal to success. Both areas receive focus in the trading businesses in the group and improvement initiatives are in place.

Safety, health, environment and quality (SHEQ) pose risks throughout the business. A programme of baseline audits has been carried out and improvement programmes instituted to ensure best-practice management systems (based on ISO standards) throughout the business. These initiatives are especially important now that Trading is expanding into processing plants where moving and heavy machinery are used.

Opportunities

The investments in Senwes Limited and NWK Limited align with Grindrod's objective to build an integrated agri-business with an African footprint.

Local representation in business entities is crucial, not only in terms of B-BBEE legislation in South Africa, but also in terms of indigenisation requirements in Zimbabwe and local content requirements elsewhere. Carefully chosen local partners with ethics and governance frameworks similar to Grindrod's add value through their understanding of the business and the country, its laws and customs.

The Oreport B-BBEE transaction will facilitate the repositioning of the company as an end-to-end service provider for junior miners.

Chromtech plans to bring on board a strategic B-BBEE partner to position the business better for the future.

The focus of the investment in Iron Mineral Beneficiation Services (IMBS) will be to complete commissioning of its first 50ktpa plant and develop plans for expansion with Industrial Development Corporation (IDC) support.

Cockett Marine Oil is well positioned for growth, particularly in the physical market in north-west Europe.

Trading is actively seeking opportunities to improve utilisation of Grindrod group assets.

Sustainability and outlook

Business integration, commodity and geographic diversification, management efficiency and cost optimisation will be key focus areas in 2014. These activities will include a further strengthening of skills, systems and stakeholder engagement activities.

Over the long term, the outlook for agricultural and industrial commodities remains robust.

In the agri-business arena, Africa offers not only access to a growing population, but also an increase in food processing activities as GDPs grow. These opportunities will be supported by growing investments from across the globe in a continent which offers vast potential for increasing food products supply. Trading's vision is to grow an agri-business of scale to play a role in this future.

The fundamentals determining the metals and minerals markets are bullish over the long term, being linked to population growth and the infrastructure needed to support that growth. Growth in China continues to dominate demand fundamentals, especially given China's rate of urbanisation. In the short term, coal, chrome and steel are over-supplied, depressing market prices.

The outlook for the marine fuels businesses is fundamentally stable. Although the price of marine fuels is linked to the price of crude oil, demand growth is low, given slow-steaming of ships and lower economic growth rates. This growth will pick up as economic growth recovers. Cockett Marine Oil is well positioned to take advantage of a market upturn.



V Marine Fuels bunker tanker



Shipping

Shipping completed the successful implementation of its tanker-fleet strategy by partnering Vitol in ownership, commercial and technical management of the MR fleet for the Vitol pool, and took the low point in the dry-bulk market as an opportunity to commit capital expenditure by ordering Japanese next-generation fuel and emissions-efficient vessels, positioning Grindrod for the next upturn and to also introduce various initiatives to maximise earnings and optimise fleet utilisation.

R761 million
Attributable profit

▲ 556%

2012: R167 million loss (Restated)

R7 261 million
Total assets

▲ 29%

2012: R5 644 million

Key objectives in the 2014 – 2016 strategic plan

- Develop opportunities associated with the raising of outside equity and grow the business further.
- Continue to develop and strengthen the global ship operating capability.

Key ratios		2013	2012
Operating margin	%	5,5	1,6
Debt:equity ratio		0,47:1	0,36:1
Return on ordinary shareholders' equity	%	18,6	(4,9)
Return on net assets	%	16,5	(2,0)
Average number of ships operated			
Owned		21	20
Long-term charter		14	17
Ship operating		28	35
Number of employees		707	644





707

Employees



8

Countries



21,5

Dry-bulk vessels



16

Liquid-bulk vessels



IVS Kinglet Handysize Bulk Carrier

operational review >> shipping continued

Income statement

	2013 Rm	2012* Rm	Growth %	2013 Rm	2012 Rm	Growth %	2013 Rm	2012 Rm	Growth %
Total				Dry-bulk**			Tankers*		
Revenue	4 319	4 013	8	3 414	2 847	20	905	1 166	(22)
EBITDA	571	312	83	264	277	(5)	307	35	777
Operating income	236	69	242	99	163	(39)	137	(94)	246
Attributable profit/(loss)	761	(167)	556	71	55	29	690	(222)	411
Margin				3	6	(50)	15	(8)	287

* Restated due to IAS 19 Employee Benefits as amended.

** The dry-bulk and tanker segments include ship operating activities included in the table below.

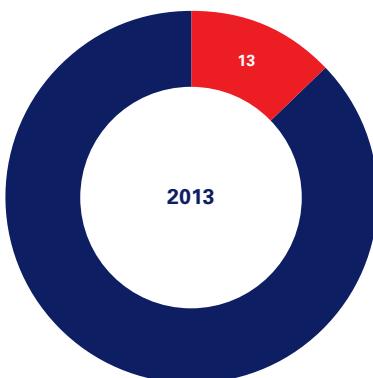
Income statement

	2013 Rm	2012 Rm	Growth %
Ship operating activities			
Revenue	2 184	2 332	(6)
EBITDA	171	230	(26)
Operating income	156	218	(28)
Attributable profit	153	218	(30)
Margin	7	9	(22)

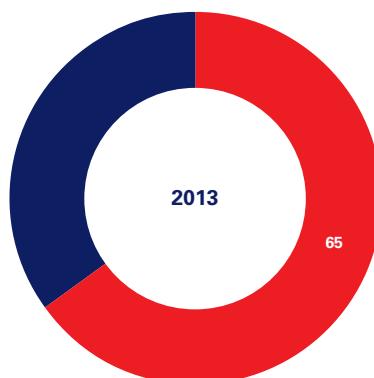
Statement of financial position

	2013 Rm	2012 Rm	Growth %
Non-current assets/investments	6 499	4 976	31
Current assets	762	668	14
Total assets	7 261	5 644	29
Equity	4 574	3 629	26
Net debt	2 127	1 294	64
Other liabilities	560	721	(22)
Total equity and liabilities	7 261	5 644	29

Contribution to group revenue (%)



Contribution to attributable profit (%)





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

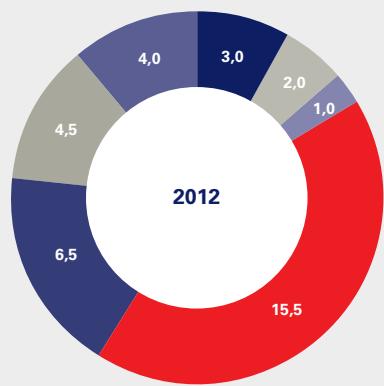
Dry-bulk – Island View Shipping (IVS) operates and commercially manages owned and long-term chartered handysize, supramax and capesize bulk carriers.

Tankers – Unicorn Shipping (Unicorn) operates owned and long-term chartered medium-range and small product tankers and chemical tankers.

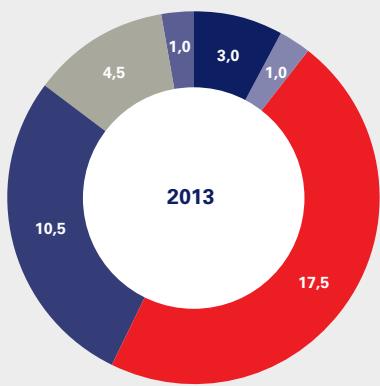
Ship operating activities support both brands which include the shorter-term operation of parcel service, supramax bulk carriers, products tankers and bunker tankers.



Fleet



- Capesize
- Panamax
- Supramax
- Handysize
- MR Tankers
- Small Tankers
- Chemical Tankers



Unicorn Medium Range Product Tanker Leopard Star

operational review >> shipping continued

Increased dry-bulk fleet utilisation leading to higher freight rates during the second half of 2013, following an all-time record scrapping of 600 ships in 2012 and a further 400 ships in 2013, persuaded the Shipping division to position itself aggressively for an expected stronger shipping market from 2014.

Achievements

- Average earnings per day outperformed average spot market rates for the period across all sectors.
- Increased earnings from the tanker fleet as a result of increased shipping demand for oil and gas cargoes.
- Taking delivery of four next-generation, fuel and emissions-efficient 52 000 dwt medium-range tankers in the Vitol joint venture, two long-term chartered medium-range tankers and two owned handysize bulk carriers.
- Raised outside equity in order to increase the dry-bulk fleet under commercial and technical management with the ordering of 11 next-generation fuel and emissions-efficient (eco) carriers in Japan – six handysize bulk and five supramax bulk carriers.

- Extending the fleet through placing orders for five long-term charter Japanese-built and -owned supramax bulk carriers.
- Taking the technical management of the dry-bulk fleet in-house to optimise management of the assets.
- Taking the commercial management of the handysize bulk carrier fleet in-house.

Challenges

Shipping continues to mitigate adverse market conditions by deploying vessels as cost-effectively as possible, be it through own operations or long-term charters, spot-market and ship-operating arrangements. Fleet optimisation measures taken include minimising ballast legs and slow-steaming, which optimises fuel consumption.

Risks

Counterparty risk is mitigated by careful screening and selection of customers. Shipping's screening procedures are well developed to maintain its reputation as one of the top 10 fleet owners in the world.

Analysis of long-term vessel earnings is summarised below:

	Bulk carriers				Tankers			2013 Total	2012 Total	Growth %
	Handy-size	Handy max	Pana-max	Cape-size	Medium range	Small	Chemical			
Average number of owned/long-term chartered ships ¹	16,2	1,0	0,3	3,0	8,8	4,5	1,0	34,8	37,2	(6)
Average daily revenue (US\$)	9 100	13 300	19 200	20 600	14 800	9 700	19 000	12 100	12 700	(5)
Average daily cost (US\$)	10 300	15 400	10 000	22 000	14 400	12 400	17 600	12 900	12 800	(1)
US\$ million profit ²	(6,9)	(0,8)	1,0	(1,6)	1,2	(4,3)	0,5	(10,7)	(2)	(435)

¹ Average number of ships, calculated based on the days ship was owned/chartered during the year.

² (Average daily revenue – average daily cost) × average number of owned/long-term-chartered ships × 365 days.

The risk of an oil spill is relentlessly managed in line with the requirements of the Marpol Convention to mitigate the potential environmental damage and the reputational risk associated with a spill.

Opportunities

With the supply-demand balance once more redressed, prospects for a sustained recovery in both the wet and dry sectors is looking more likely.

In liquid bulk, reduced opportunities as a result of ageing refineries closing down are compensated for by new refineries. With these new refineries being constructed in the Middle East and India, MR Tanker rates are expected to increase due to longer sea passages between load and discharge ports.

In the dry-bulk business, seaborne volumes continue to rise, underpinned by Chinese imports of iron ore and increased coal exports for Indonesia and grain exports from the USA.

Shipping expanded its parcel service in the Chinese region, successfully capitalising on mixed-cargo business through parcelling.

Sustainability and outlook

The increased market penetration achieved through joint ventures and the move towards more next-generation fuel and emissions-efficient vessels, six of which were delivered

in 2013, (four in a joint venture with Vitol), gives Shipping greater exposure to more markets, which will continue until mid-2016, when the last of the ordered vessels are delivered. Older vessels will be sold, resulting in an anticipated 40-vessel owned and long-term chartered fleet.

Relations with Japanese counterparts and complementary service providers have been strengthened as a result of the large number of vessels Grindrod ordered. These relationships will be maintained and further strengthened.

Although scrapping of older tonnage dropped in the second half of 2013 due to improved market conditions, with the heavily reduced newbuild order book going forward in 2014 to 2016, the supply/demand equation is looking more positive than it has done since 2007.

Towards the end of 2013, the improved balance between vessel supply and cargo demand had pushed fleet utilisation back towards the 90 per cent level. Seaborne demand for vessels during 2014 and 2015 is expected to grow by between seven and eight per cent, while net fleet additions are expected to add only between four and a half and five per cent to vessel supply.

Grindrod's longstanding reputation in the shipping industry, through its strong Island View Shipping and Unicorn Shipping brands, is a competitive advantage in remaining a preferred provider for a vast range of customers.

Dry-bulk rates at 25 February 2014 were as follows:

	Spot rates (US\$ per day)	One-year time charter rates (US\$ per day)	Three-year time charter rates (US\$ per day)	Average spot rates 2013 (US\$ per day)	Average spot rates 2012 (US\$ per day)
Handysize	9 836	10 250	10 250	8 179	7 626
Panamax	9 545	15 000	14 750	9 472	7 684
Supramax	11 452	13 000	12 750	10 275	9 453
Capesize	11 346	25 750	24 000	14 580	7 680

Source: Clarksons Research – Shipping Intelligence Network.

Tanker charter rates at 25 February 2014 were as follows:

	Spot rates (US\$ per day)	One-year time charter rates (US\$ per day)	Three-year time charter rates (US\$ per day)	Average spot rates 2013 (US\$ per day)	Average spot rates 2012 (US\$ per day)
Medium range*	9 173	15 000	16 000	13 226	10 505
Small**	***	12 000	13 500	***	***

* Source: Clarksons Research – Shipping Intelligence Network; basis of calculation of MR spot earnings amended in April 2013 and 2012 spot rates restated.

** Source: Maersk Broker.

*** Meaningful small tanker spot rates and chemical tanker rates are not available.



IVS Beachwood Supramax Bulk Carrier



Financial Services

Financial Services continued its good growth performance in 2013, ending the year with above-target asset growth and profitability as a result of, among others, strong income from its SASSA-cards business, corporate banking fees and asset management annuity revenue, while higher than anticipated income from new business streams, such as stockbroking, promises the potential of further growth in the following years.

R92 million
Attributable profit

▲ 42%

2012: R65 million

R12 billion
Assets under management

▲ 9%

2012: R11 billion

Key objectives in the 2014 – 2016 strategic plan

- Grow the stable funding base.
- Maintain a focused, secure lending book which reduces the risk of bad debts.
- Grow the asset management business.
- Increase advances, particularly property mezzanine debt, preference-share loans and invoice discounting.
- Expand the investment banking business.
- Grow the brokerage business and business related to exchange-traded funds.
- Grow the retail card business.
- Increase services to Grindrod entities.
- Explore cross-marketing opportunities with customers of other Grindrod divisions in terms of financial services, also assisting Grindrod to increase its ability to offer holistic business solutions.

Key ratios	2013	2012
Return on ordinary shareholders' equity	% 42,0	17,4
Capital adequacy ratio	% 13,1	13,3
Number of employees	150	131





150
Employees



9,7 million
SASSA cards in issue



3
Exchange traded funds launched



Grindrod Towers in Sandton

operational review >> financial services continued

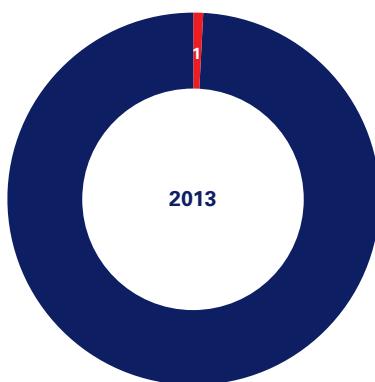
Income statement

	2013 Rm	2012 Rm	Growth %
Revenue	371	253	47
EBITDA	156	128	22
Operating income	154	126	22
Attributable profit	92	65	42

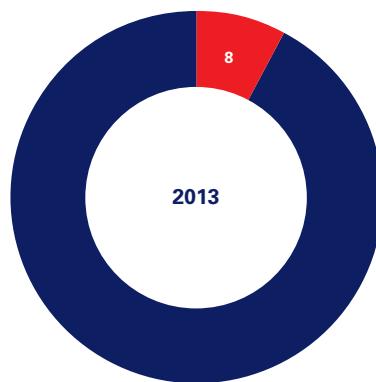
Statement of financial position

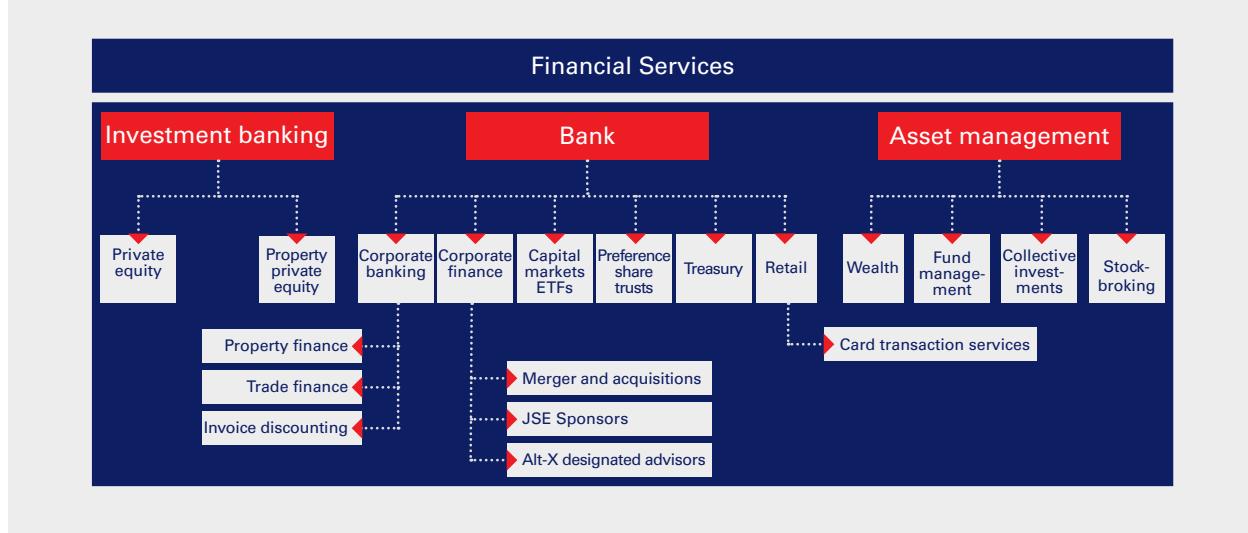
	2013 Rm	2012 Rm	Growth %
Non-current assets/ investments	598	710	(16)
Bank loans, advances and liquid assets	3 675	2 748	34
Current assets	336	255	32
Net cash including debt	4 402	1 797	145
Total assets	9 011	5 510	64
Equity	855	740	16
Deposits	8 015	4 662	72
Other liabilities	141	108	31
Total equity and liabilities	9 011	5 510	64

Contribution to group revenue (%)



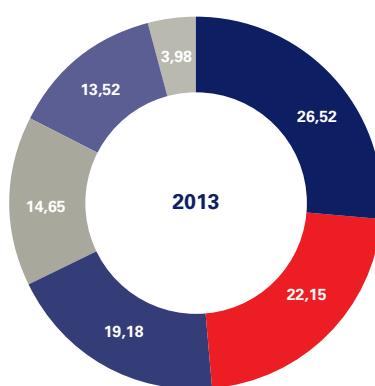
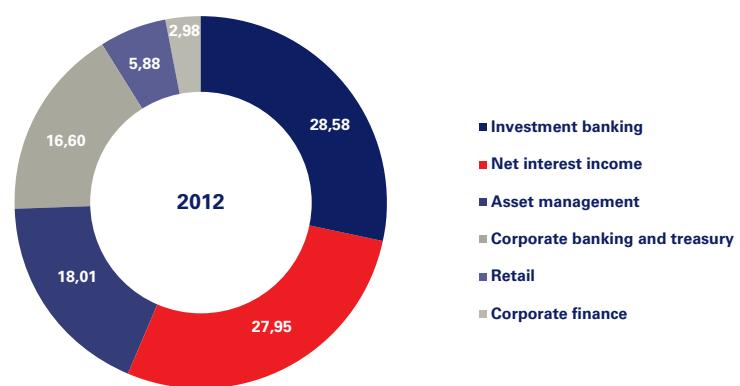
Contribution to attributable profit (%)





The target market of Financial Services operations includes small to medium-sized corporates, high net-worth individuals, institutions (such as fund managers and attorneys) as well as customers from the Freight Services, Trading and Shipping divisions who require property and working capital finance and asset management services.

Revenue contribution by division (%)



Client analysis

	Corporate investment banking	Treasury	Corporate finance	Retail
New	47,40	29,82	43,00	100,00
2 to 5 years	31,30	18,97	43,00	0,00
> 5 years	21,30	51,21	14,00	0,00

Achievements

- Growth in NPAT from establishment in June 2006 of R13,6 million (50 per cent shareholding) to R92,2 million (93,1 per cent shareholding) in 2013.
- Stabilising the business resulting from being awarded a contract by Cash Payment Services (CPS), a Net1 subsidiary, to manage funds paid by the SASSA to 9,7 million debit card holders. The contract, which commenced in April 2012, was described by MasterCard as its largest and quickest-implemented card-issuing project worldwide. For Grindrod Bank, system capability and reliability are crucial to the success of the contract, as it puts 21 per cent of all debit cards in the country under its management. The card usage accounts for 30 per cent of all BankservAfrica ATM transactions, running at 2 400 ATM transactions a minute when grants are paid.
- Achieving asset growth of 63,5 per cent in excess of target, as well as surpassing investment management and profit growth in excess of targets.
- Successfully building the new stockbroking business to achieve discretionary managed assets of R500 million.

Challenges

Following protracted court proceedings initiated by a competitor in the SASSA bid, the Constitutional Court declared the awarding of the tender to CPS as irregular. Remedial action will be decided on in 2014 following the hearing of submissions from all parties. While Grindrod is not party to these processes, it continues to assess the potential impact.

The efficient and correct execution of key strategic initiatives is crucial to addressing challenges in the banking environment. Financial Services has achieved success within strict parameters governed by the South African Reserve Bank (SARB) and national and international conventions and agreements.

Brand-building is crucial to increasing volume and range of services to achieve wider market penetration. Representation at key industry events is used as a marketing tool, while the past year's growth in both volume and services provides the opportunity for more aggressive marketing.

Growth in the fund management business is restricted by the high B-BBEE credentials and requirements that pension and institutional funds require.

Risks

Insufficient liquidity and bad debts are the key risks in the banking environment. Financial Services mitigates these risks through adhering to internal corporate governance and external

regulatory controls, which are becoming increasingly complex. The bank's liquidity was R5,187 billion at year-end and it experienced only one debt write-off in 2013.

The main risk related to asset management is poor investment decisions, resulting in below-benchmark portfolio performance. This risk is mitigated by the division's policy of appointing adequately skilled professionals and through the governance procedures underpinning financial and investment activities.

In the SASSA contract, the reliability of outsourced infrastructure and services poses a risk, which is mitigated by partnering with best-practice suppliers such as MasterCard, BankservAfrica and Net1.

Proactive, transparent engagement with regulatory bodies, the SARB and the Financial Services Board (FSB) forms a cornerstone of risk mitigation.

Opportunities

The successful execution of the SASSA contract provides Financial Services with an excellent base from which to expand its involvement in retail banking services. With the debit cards under its management accounting for 30 per cent of all ATM transactions in the country, Grindrod Bank is investigating the feasibility of applying for an ATM-acquiring banking licence. This would enable it to operate ATMs, either through ownership or a third-party agreement.

The division's high return on its banking, investment and asset management portfolios makes it possible to expand the customer base on a sustainable basis. The first avenue of expansion is through Grindrod companies and customers, and many investments made by specifically Trading and Freight Services during the year broaden the scope of potential customers, notably in terms of property and trade financing.

The success of the stockbroking desk during 2013 has opened opportunities in the securities business. Plans to grow the business from a largely private clients business to institutions are being finalised.

Sustainability and outlook

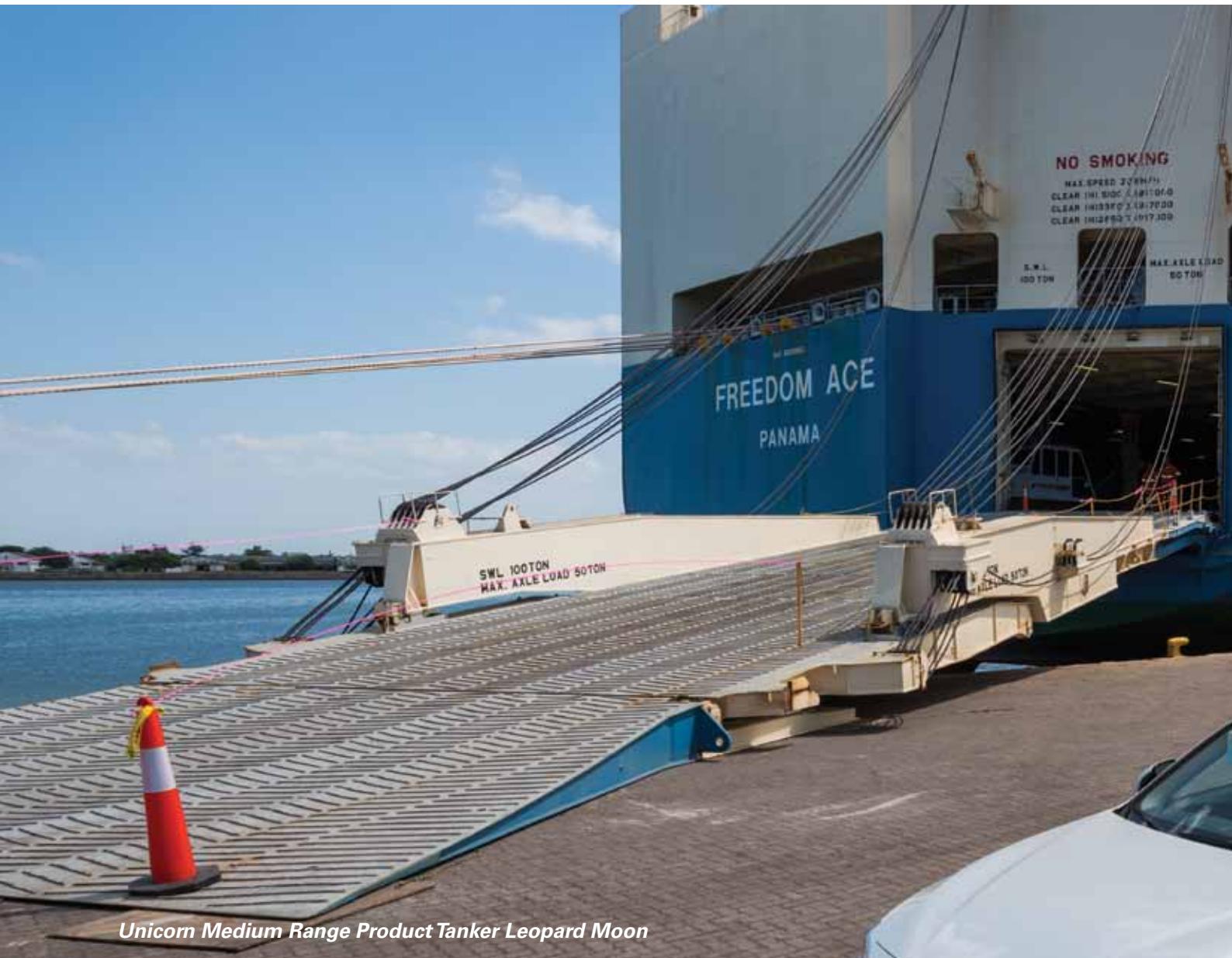
The current volatility in markets has a limited effect on Financial Services, as do the low interest rates – in fact, low interest rates stimulate investments in non-banking asset classes, which include two areas the division achieves excellent results, namely managed assets and property. The growth of the asset-management portfolio will depend on its returns, where a 20 per cent growth target has been set. The property-financing business is also set to grow, as low interest rates make loan repayments easier, resulting in a reduced bad-debt risk.

Financial Services is confident that it has laid the foundation for continued, sustainable growth across its business.



Grindrod Bank offices in Grindrod Towers Sandton

Governance review



Unicorn Medium Range Product Tanker Leopard Moon



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governance review >>

directorate



1		5	
2	3	6	7
	4		8

Directorate as at 25 February 2014

- 1. Ivan Clark**
Age: 70
CA(SA)
Non-executive chairman
Appointed: 1 June 1993
Member of the remuneration and nomination committee
Chairman of Grindrod Bank Limited and Chemical Specialities Limited. Non-executive director of BSi Steel Limited. Ivan was employed in 1977 and held various senior financial and executive positions in the group. He served as the group's CEO from 1999 to 2006 and was then appointed deputy chairman and thereafter chairman in 2007.
- 2. Alan Olivier**
Age: 53
CA(SA)
Executive director and CEO
Appointed: 27 May 1999
Director of Grindrod Bank Limited and director of major local and international subsidiaries and associates. Chairman of the United Kingdom Mutual Steamship Assurance Association Limited (P&I Club). Alan was employed in 1986 in the Shipping division and held senior treasury and financial positions before his appointment as CEO of Unicorn Shipping in 1995. He was appointed to the board of directors of Grindrod Limited in 1999 and as the CEO of Grindrod Limited in 2007.
- 3. Hassen Adams**
Age: 61
Pr Tech Eng (Civil Engineering)
Independent non-executive director
Appointed: 1 December 2000
Chairman of Afripark Parking Management Proprietary Limited, Business Venture Investment 575 Proprietary Limited, Grand Parade Investment Holdings Proprietary Limited, SunWest International Proprietary Limited, Quintessence Opportunities Proprietary Limited and Worcester Casino Proprietary Limited. Hassen is a consulting engineer and has diversified business interests in engineering project management, leisure, gaming and property developments.
- 4. Cato Brahde**
Age: 59
BSc (Hons); MSBA; CEng MRINA
Independent non-executive director
Appointed: 1 January 2013
Non-executive director of Grindrod Shipping Limited and Grindrod Trading and Shipping Limited. Managing director of Tufton Oceanic (Isle of Man) Limited. Cato qualified as a naval architect at the University of Newcastle upon Tyne, gained a Master of Science in Business Administration from Boston University and holds a Diploma in Company Direction. He has many years of international shipping experience.
- 5. Jannie Durand**
Age: 47
BAcc (Hons); MPhil (Oxon); CA(SA)
Non-executive director
Appointed: 9 May 2012
Member of the remuneration and nomination committee
CEO of Remgro Limited and a director of a number of companies, including Discovery Holdings Limited, Distell Group Limited, Mediclinic International Limited, RCL Foods Limited, RML Holdings Limited and Unilever South Africa Holdings Proprietary Limited. Pieter Uys is his alternate.
- 6. Mkhulisi Faku**
Age: 47
BA (Law)
Non-executive director
Appointed: 15 December 2009
Member of the social and ethics committee
Chairman of Grindrod (SA) Proprietary Limited, group executive chairman and founder of Calulo Investments Proprietary Limited and director of various Calulo group companies. Mkhulisi has extensive experience in the South African oil industry and has served on the boards of the South African Minerals and Energy Forum and World Petroleum Congress (SA).
- 7. Walter Geach**
Age: 59
Advocate; BA LLB; MCom; CA(SA); FCIS
Independent non-executive director
Appointed: 29 July 2008
Member of the audit committee
Non-executive director of Grindrod Bank Limited. Walter is an Advocate of the High Court of South Africa and a senior professor at the University of the Western Cape. Walter's areas of specialisation are financial accounting, taxation, corporate governance, business and financial services.
- 8. Grant Gelink**
Age: 64
BCompt (Hons); BCom (Hons); CA(SA); H Dip Education; Dip Public Administration
Independent non-executive director
Appointed: 1 January 2013
Member of the audit committee
Non-executive director of Altron Limited, Egstra Holdings Limited, MTN Zakhele Limited, FirstRand Limited and Santam Limited. Grant has had extensive work experience with Deloitte & Touche which spans over 26 years and he served as Chief Executive from 2006 until his retirement from the firm in 2012.

board compilation

29%
Executive

24%
Non-executive

47%
**Independent
non-executive**



governance review >> directorate continued



9		13	15
10	11	14	16
	12		17

9. Mike Groves**Age: 69***CA(SA)***Lead independent director**

Appointed: 19 August 1986

*Chairman of the audit committee**Member of the remuneration and nomination committee*

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

10. Mike Hankinson**Age: 64***BCom; CA(SA)***Independent non-executive director**

Appointed: 15 December 2009

*Member of the audit committee**Chairman of the remuneration and nomination committee**Chairman of the social and ethics committee*

Chairman of the Spar Group Limited and Brandcorp Holdings Proprietary Limited. Non-executive director of Illovo Sugar Limited. Mike is a former CEO of Dunlop Tyres International Proprietary Limited and Romatex Limited.

11. David Polkinghorne**Age: 49***BCom; MA (Oxon)***Executive director**

Appointed: 22 November 2006

Managing Director of Grindrod Bank Limited and executive director of all the Financial Services division group companies. Director of The Umhlathuzi Valley Sugar Company Limited and trustee of two charitable trusts. David has been involved in the financial services sector for more than 20 years. He has had exposure to all areas of corporate and investment banking and, in particular, has extensive experience in commercial property finance, private equity and corporate finance. He has 14 years of service with the group.

12. Dave Rennie**Age: 53***Master Mariner***Executive director**

Appointed: 25 October 2002

Director of major local and international subsidiaries and associates, including Grindrod (SA) Proprietary Limited, Grindrod Mauritius, MPDC S.A., Oiltanking Grindrod Calulo Proprietary Limited, Transport Mutual Insurance Association Limited and RRL Grindrod Proprietary Limited. Dave was employed in 1978 and has diverse port, terminal, rail and freight logistics experience. He has 35 years of service with the group.

13. Nkululeko Sowazi**Age: 50***MA (UCLA)***Independent non-executive director**

Appointed: 25 February 2014

Chairman of Kagiso Tiso Holdings Proprietary Limited and Litha Healthcare Holdings and currently serves as a non-executive director on the boards of, inter alia, Exxaro Resources Limited and Actom Holdings Proprietary Limited. Nkululeko has over 15 years' experience in investment management and has vast knowledge of and exposure to the mining, infrastructure and financial services sectors.

14. Pieter Uys**Age: 51***MSc (Engineering); MBA***Alternate non-executive director**

Appointed: 30 August 2013

Director of major local and international companies including Remgro Management Services Limited. Pieter is a former CEO of Vodacom Limited. Pieter is alternate to Jannie Durand.

15. Martyn Wade**Age: 54****Executive director**

Appointed: 16 November 2011

Director of major international subsidiary companies. Martyn has 36 years of international shipping experience and has worked for ship-owners, operators and brokers in London, Johannesburg, New York and Singapore. Martyn was a member of the original Baltic Exchange for 10 years. He has five years of service with the group.

16. Andrew Waller**Age: 51***CA(SA)***Executive director and CFO**

Appointed: 1 March 2011

Member of the social and ethics committee

Director of major local and international subsidiaries. Andrew was previously a partner of Deloitte & Touche for 15 years during which time he was responsible for a number of South African listed companies. He has three years of service with the group.

17. Sandile Zungu**Age: 46***BSc (Mechanical Engineering), MBA***Independent non-executive director**

Appointed: 15 December 2009

Executive chairman and founding member of Zungu Investments Proprietary Limited and chairman of EOH Holdings Limited. Sandile serves on the Presidential Advisory Council on Black Economic Empowerment and was a member of the World Economic Forum in his capacity as Young Global Leader.

board tenure

41%
0 to 3 Years

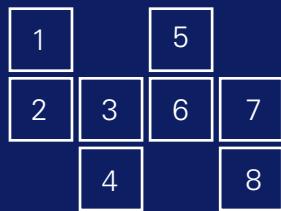
30%
4 to 9 Years

29%
More than 9 Years



governance review >>

executive committee



Executive committee at 31 December 2013

1. Alan Olivier
CEO Grindrod Limited

2. Andrew Waller
CFO Grindrod Limited

3. Hylton Gray
NDip (Finance and Business Management)
CEO Logistics

Appointed to the executive committee: 1 July 2011

Director of major local subsidiary companies and associates, including Grindrod (SA) Proprietary Limited, JFM Sturrock Holdings Proprietary Limited, Röhlig-Grindrod Proprietary Limited and Vanguard Rigging Proprietary Limited. Hylton held various director positions with global freight forwarders in the USA and South Africa and has over 20 years of freight forwarding experience.

4. Wayne Hartmann
BCom; BSc (Eng)
CEO Trading

Appointed to the executive committee: 1 June 2012

Director of major international subsidiaries. Wayne has 27 years of oil industry experience covering, inter alia, African operations, oil refining, trading and shipping. He was previously a director of Engen Petroleum Limited and a director of subsidiary companies in the Engen group.

5. Bongiwe Ntuli
CA(SA)
Executive: Corporate Services Grindrod Limited

Appointed to the executive committee: 1 December 2012

Director of major local subsidiary companies and associates, including Grindrod Bank, Grindrod (SA) Proprietary Limited, Oiltanking Grindrod Calulo Proprietary Limited and Röhlig-Grindrod Proprietary Limited. Bongiwe joined Freight Services in May 2008 as CFO. She previously held various finance, treasury and risk management positions within Anglo American at their head office and in their subsidiaries in different countries, including South Africa, Canada and the United Kingdom.

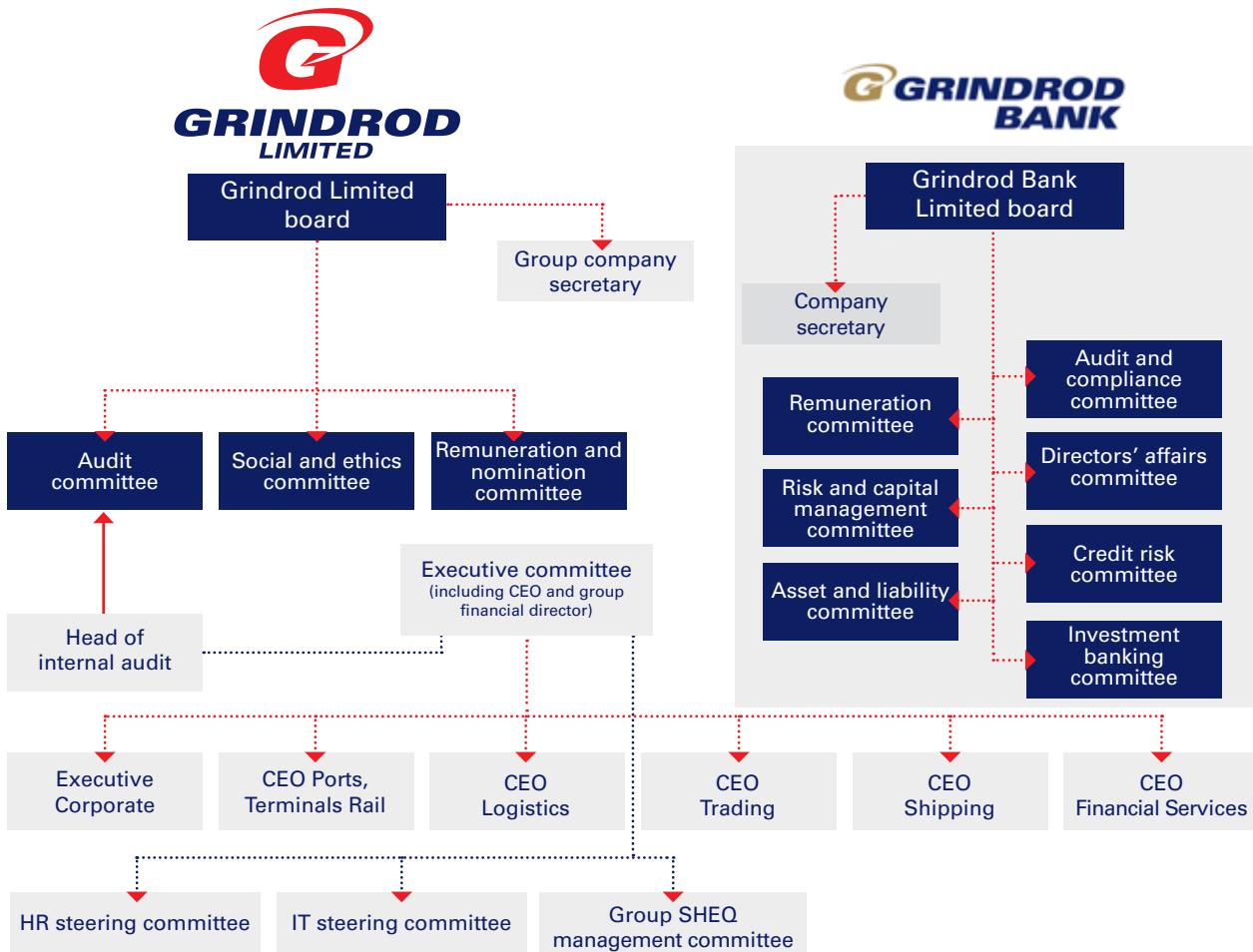
6. David Polkinghorne
CEO Financial Services

7. Dave Rennie
CEO Ports, Terminals and Rail

8. Martyn Wade
CEO Shipping

Corporate governance

Grindrod Limited governance structures



The Grindrod board of directors is responsible for effective leadership to maintain business sustainability based on ethical values of accountability, fairness, integrity, professionalism and respect. The board reaffirms its commitment to sound governance and considers the application of sound corporate governance structures, policies and practices as pivotal to ensuring that Grindrod acts in a responsible and transparent manner from an economic, social and environmental perspective and creates sustainable value and benefits for its stakeholders.

The board is of the opinion that Grindrod conducts its affairs with integrity and that, in addition to compliance with the Code of Governance Principles in King III, except areas otherwise identified in this report, it complies with all significant requirements incorporated in relevant South African and international legislation, regulations and best practices in all countries in which it operates and JSE Listings Requirements.

Board structures

Grindrod has a unitary board structure comprising five executive directors and 12 non-executive directors, eight of whom are independent. The directors of the board, with a wide range of financial, commercial and technical expertise, are appointed to ensure effective leadership of the company. Board members are appointed through a formal process and the remuneration and nomination committee assists in identifying suitable candidates for election by the shareholders.

In terms of the memorandum of incorporation (MOI), non-executive directors retire by rotation every three years and are, if available, considered for reappointment by the shareholders at the annual general meeting. Directors appointed during the course of a year retire at the following annual general meeting, with shareholders afforded the opportunity to confirm their appointment. New directors are appointed in terms of a formal process with nominations for new appointments to the board being reviewed by the remuneration and nomination committee.

The board is assisted in its responsibility to identify, oversee and manage economic, environmental and social risk and opportunities by audit, remuneration and nomination and social and ethics subcommittees. The key roles of the committees of the board are detailed in the respective subcommittee reports.

The board is responsible for appointing the CEO, an executive director whose role is separate from that of the chairman, and appoints the group financial director. The board charter provides for a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making and further clarifies the roles and responsibilities of the directors of the board, the CEO and the group financial director.

The chairman is responsible for the effective leadership of the board. The CEO, supported by the executive committee, is responsible for formulating and implementing strategies and policies, day-to-day operational management, establishing best management practices, functional standards, risk management and internal control systems and legal compliance and the appointment and evaluation of senior management. The group financial director is responsible for the financial management of the group, all aspects of the company's financial strategy, due and proper preparation of financial statements as per IFRS requirements, due and proper financial reporting, and providing financial leadership through financial planning and organisationally aligned strategies.

Board practice

The fiduciary duties and statutory obligations and scope of authority of the board and its subcommittees, the chairman, the CEO and the group financial director are set out in the MOI and the board charter.

The duties of the board include monitoring and reviewing the implementation of the business plan within the approved budget and with due cognisance of the associated business risks.



The duties of the board and its subcommittees are performed in accordance with work plans that are reviewed and approved on an annual basis to ensure compliance.

The authority and responsibilities of the board, as set out in the board charter, are to:

- provide effective leadership based on an ethical foundation;
- approve and monitor the implementation of long-term strategies for the business of the company;

- ensure the identification of strategically integrated ethical standards and the assessment, monitoring, reporting and disclosure of ethics performance within a framework of the associated risks and opportunities;
- approve the group's annual business plan, operating and capital budgets and performance criteria and approve material business investments, acquisitions and disposals;
- define and monitor levels of materiality, reserving specific power to itself and delegating other matters with the appropriate written authority to board committees and/or management in terms of an authority structure;
- identify and monitor non-financial issues relevant to the business of the company;
- determine levels of risk tolerance and monitor the company's key risks and key performance indicators, ensuring the adoption of an effective system of internal control and appropriate risk management philosophy, strategies, policies and processes supported by continual monitoring by management to ensure stout risk mitigation or elimination;
- ensure strategically aligned IT governance;
- ensure compliance with relevant legislation, regulations and codes of business practice;
- monitor operational performance and management;
- select and approve accounting policies and practice and apply them consistently, keep proper accounting records, take steps to safeguard the company's assets, and prepare and arrange the independent review of the annual financial statements;
- approve of the annual financial statements and integrated annual report on the recommendation of the audit committee;
- ensure appropriate succession planning for senior executives and the formulation of a remuneration strategy and structures that are appropriate to the business of the company; and
- ensure effective proactive communication with the company's shareholders and internal and external stakeholders.

The group's strategy is mapped by the executive committee for approval by the board. The group business plan for the ensuing year, inclusive of the annual budget, is finalised following the review of the strategy by the board at its meeting held each year in November.



Meetings

In addition to its meeting reserved for risk management, the board convenes at least four times a year and schedules additional special meetings if required. Attendance of directors and members of the executive committee at the 2013 meetings is as follows:

	Board¹ A/B	Executive committee² A/B
H Adams	3/5	
C Brahde ³	5/5	
IAJ Clark	5/5	1/1
JJ Durand	4/5	
MR Faku	3/5	
WD Geach	5/5	
GG Gelink ³	3/5	
IM Groves	4/5	
MJ Hankinson	5/5	
PJ Liddiard (alternate) ⁴	3/3	
AK Olivier	5/5	10/11
DA Polkinghorne	5/5	9/11
DA Rennie	5/5	9/11
PJ Uys (alternate) ⁵	2/2	
MR Wade	5/5	6/11
AG Waller	5/5	10/11
SDM Zungu	3/5	
Executives		
HJ Gray		10/11
WP Hartmann		11/11
B Ntuli		9/11

A indicates the number of meetings which the director attended.

B indicates the number of meetings which the director could have attended.

¹ Includes group risk management meeting.

² Includes four scheduled executive committee meetings, two group SHEQ management committee meetings, a two-day strategic planning meeting with key operational management, a two-day executive strategy planning meeting and three presentations (Bureau of Economic Research, Standard Bank Limited and Macquarie Group South Africa).

³ Appointed as independent non-executive director on 1 January 2013.

⁴ Resigned as alternate non-executive director on 30 August 2013 due to his relocation to China.

⁵ Appointed as alternate non-executive director on 30 August 2013.

No external advisors were invited to attend board or board subcommittee meetings during the year.

Board profile as at 31 December 2013

	Non- executive directors %	In- dependent non- executive directors %*	Executive directors %	Total %
By race group and gender	25,00	43,75	31,25	100,00
African male	6,25	6,25	–	12,50
Coloured male	–	6,25	–	6,25
Indian male	–	6,25	–	6,25
White male	18,75	25,00	31,25	75,00
By age group	25,00	43,75	31,25	100,00
30 – 50 years old	12,50	6,25	6,25	25,00
>50 years old	12,50	37,50	25,00	75,00

* Due to the timing of Mr NL Sowazi's appointment (25 February 2014) he is excluded from board statistics.

Legal and regulatory compliance

The group has various policies that are regularly updated in line with changes in legislation and business governance requirements, and with which all group companies and employees are obliged to comply. Bi-annually, all divisions are required to provide assurances to the audit committee confirming compliance with all applicable laws and consideration to non-binding rules, codes and standards.

In 2013, the executive committee approved the development of a formalised legal compliance universe to further entrench compliance across the group.

In 2013, the company received no fines or notifications of major legislative non-compliance. Grindrod further abides by all laws and regulations related to accounting fraud, workplace discrimination and corruption, with no instances of non-compliance, sentences or fines being imposed in 2013.



Executive committee

The executive committee assists the CEO in managing the business at an operational level. The scope of authority and responsibilities of the executive committee are defined in the executive committee terms of reference, approved during 2013. These include, but are not limited to the:

- formulation and implementation of the group's strategies and policies;
- management of the group's day-to-day business and affairs;
- prioritisation and allocation of the group's capital, technical and human resources;

- establishment of best management practices and functional standards;
- appointment and performance monitoring of senior management;
- maintenance of a group-wide system of internal controls to manage all group risks and assist the board in discharging its responsibility for ensuring that the risks associated with the operations are effectively managed in support of the creation and preservation of shareholder wealth; and
- maintaining a group-wide legal compliance structure.

The executive committee terms of reference make provision for the annual evaluation of its members, by the CEO, against key performance indicators (KPIs) contained in their respective performance scorecards.

Group company secretary

Grindrod's group company secretary, who does not fulfil an executive management function or is not a director of the board and maintains an arm's-length relationship with the board of directors, ensures corporate and legal compliance and adherence to the JSE Listings Requirements, and is responsible for ensuring adherence to proper corporate governance principles.

The group company secretary is responsible for the proper functioning of the board by preparing the agendas and supporting documentation of all committee meetings, based on the approved annual work plan, in advance and in consultation with both the chairman of the board or the committee, as the case may be, and the CEO. She provides accurate, concise and relevant information to the board in a timely manner to enable the board to take informed decisions and to monitor the progress and performance of management against the approved business strategy.

Based on the evaluation of her performance throughout the year, her professional qualifications and her experience in her current position and positions prior to her appointment, the board has assessed the competence, qualifications and experience of the group company secretary, as required in terms of section 3.84 of the JSE Listings Requirements and has confirmed that she is suitably qualified, competent and experienced to hold the position of group company secretary. The board has further resolved that based on the manner in which she conducts herself with respect to matters related to the board, the group company secretary maintains an arm's-length relationship with the board of directors.

Internal audit

Grindrod's internal audit function, which reports directly to the audit committee, operates in terms of an approved charter that defines its purpose, authority and responsibilities.

Internal audit functions independently of all other business operations and has free and unrestricted access to all areas within the group, including management, personnel, activities, locations and information.

All internal audit activities are performed in compliance with International Internal Audit Practice and the methodology and standards required by the South African Institute of Internal Auditors.

Business ethics

The principles of ethical leadership, management and behaviour to which the company subscribes, are set out in the Grindrod Code of Ethics.



The code is designed to raise ethical awareness, guide day-to-day decision-making and provide assurance on the integrity of the group companies to external stakeholders. Adherence to the code is mandatory for all stakeholders and the code is communicated to all employees as an integral part of their induction.

The Code of Ethics outlines the principles for ethical conduct, based on Grindrod's five core values:

- respect for company, stakeholders, assets and the environment;
- operating with integrity;
- acting with professionalism in the group's service delivery to customers;
- treating people with fairness; and
- accountability, requiring employees to take full ownership of actions taken.

The code provides guidance to directors, employees and other stakeholders such as suppliers or consultants on various compliance issues, including ways in which conflicts of interest should be dealt with and what the proper relationship between clients and suppliers should be.

The group's Code of Ethics was endorsed by the Ethics Institute of South Africa. Queries can be raised telephonically with Ethics (SA) directly and employees and other stakeholders can report unethical behaviour to the Grindrod ethics officer, who is the custodian of the code. No material transgressions of the code were reported to the Grindrod ethics officer in 2013.

An independent and absolutely confidential toll-free fraud hotline, accessible through free call numbers, a website address, an e-mail address, free fax and free postage address is maintained and controlled by Deloitte & Touche. In 2013, 31 incidents were reported by this hotline.

All reported incidents are investigated and listed in a register, although confidentiality is guaranteed if required. Incidents of corruption at management level are investigated internally and, if deemed appropriate, referred to disciplinary proceedings or to law enforcement agencies in more serious cases. No material incidents of corruption at management level were identified in 2013.

Compliance with the Code of Ethics is also monitored through internal audits undertaken to assess the adequacy and effectiveness of the internal control environment, which includes risks related to fraud and corruption. Eighty-two such internal audits were undertaken in 2013. The executive committee and social and ethics committee are provided with



statistics of non-compliance to the code. Focused campaigns to increase awareness and promote ethical behaviour among employees were also facilitated by the internal audit function in 2013.

Risk management

The board is ultimately responsible for governing risk management processes in accordance with corporate governance requirements. The board reviews the group's risk management processes and approves the group risk management plan for the ensuing year at a focused meeting each year. The board reviews and assesses the risk tolerance levels relative to specific risks in addition to the assessment, monitoring, reviewing and managing of risks at each quarterly board meeting.

Appropriate risk management measures, which include accountability for risk management as a key performance area of line managers, exist throughout the group to counter significant business risks which could undermine the achievement of business objectives. Policies and guidelines on risk management and control support management in discharging its risk responsibilities. Risk management processes within the group are based on the ISO 31000 standard for risk management, with the effectiveness of risk management efforts being assessed by internal and external assurance providers in terms of the group's combined assurance model.

The group's executive management encourages a risk-conscious business culture by embedding agreed internal controls and mitigating actions through all levels of management and supervisory staff.

Risk management framework

The Grindrod risk management framework, which reviews identified risks and accounts for new and emerging risks, is supported by continuously updated operational risk registers. The effectiveness of this framework is reviewed by the internal audit function.

High-level strategic and external risks are assessed by the board, with executive and operational management being responsible for the continuous identification, assessment, mitigation and management of risks within their areas of operation.

Risk management process

Risk management processes are designed to identify, quantify, prioritise, respond to and monitor the consequences of an agreed risk schedule that encompasses both internal and external risks. The process also promotes the ownership of risk areas and risk management accountability within the group.

Identified risks are evaluated in terms of the potential impact and probability in terms of the likelihood of occurrence. Areas include the risk of harm to people and environment, business interruption, financial loss, legislative and regulatory compliance and reputational risks. The impact and probability evaluations

establish the basis for determining the inherent risks and their significance to the business. Residual risk is determined based on the risk mitigation plans developed and implemented by management. Details of the key risk areas are included on pages 26 to 27.



The internal audit charter provides for an internal audit plan that is aligned with the risk framework. The board reviews the effectiveness of both the processes and procedures adopted by management for identifying, assessing and reporting on significant business risks, and the roles of assurance providers with respect to risk management.

Internal control

Grindrod's systems of internal control and governance structures are integral to the effective management of risk. These systems and structures, which make provision for appropriate delegation of authority to support the control environment, are subject to independent review by internal audit and external assurance providers.

Insurance

Grindrod undertakes regular risk-control reviews of the group's operations when procuring insurance cover for unplanned asset losses, liability exposure, fidelity, business interruption and other operational risks.

Combined assurance model

A combined assurance model aims to optimise assurance coverage by management and internal and external assurance providers. Collectively, they provide the board with assurances on the effectiveness of controls that mitigate the risks identified during risk assessments.

The combined assurance model was developed by identifying risks, control measures and assurance providers. Risks were assigned to appropriate providers and the action plans that were developed and implemented are continuously monitored. This model gives the board the assurance, through the audit committee, that all significant risks are adequately managed.

Each division has its own model, related to risks in their areas of operation. Risks cover health, safety, environment, finance, fraud, projects, legal and tax obligations, business continuity planning and disaster recovery.

Information technology (IT)

IT is considered fundamental to the support and sustainability of Grindrod's business operations – both as an operational enabler and a strategic asset that can be leveraged to create opportunities. The group's IT investment priorities are overseen by the executive committee and the group IT steering committee, with the effective establishment and efficient delivery of IT programs and projects being supported by the Project Management Office (PMO), both of which operate in terms of approved charters.

The board, supported by the audit committee, is responsible for IT governance and the strategic alignment of IT with the performance and sustainability objectives of the company in line with the IT governance principles prescribed in King III. IT projects are managed according to best-practice principles included in popular worldwide methodologies, such as PMBOK and Prince II, and tailored to add value to the Grindrod business. Details of the role of the audit committee with respect to IT governance are included in the audit committee report on pages 92 to 94.



IT Governance Charter

An IT Governance Charter, revised during 2013, ensures that the IT function is focused on the strategic leadership and alignment of IT activities, prioritised IT investment initiatives, internal engagement to promote collaborative IT planning and promoting IT effectiveness to capitalise on economies of scale across the group. The charter provides the framework for IT governance within the group and aims to:

- communicate the delegation of authority and responsibility from board level to responsible stakeholders within Grindrod for IT governance, management and control;
- define the accountability, responsibility and decision-making rights granted by the board and recognition of those rights to be exercised by relevant parties;
- ensure clear accountability and responsibility for IT governance within the group; and
- implement an IT governance structure that allows IT to operate cohesively throughout the group and facilitate and enable strategic business decisions and direction.

IT steering committee

The Grindrod executive IT steering committee operates in terms of the approved IT Charter and is responsible for the implementation of business-focused IT strategies. This

committee, which has defined roles and responsibilities, comprises the executive corporate services, chief information officer (CIO), PMO lead, divisional CFOs and IT managers, and ad hoc members that are experts of particular business processes or technologies. As a result of the rapid group expansion and growth, the committee met six times in 2013 (2012: twice) to drive the implementation of fit-for-purpose IT infrastructure and software.

Stakeholder engagement

The board supports stakeholder engagement and communication strategies that support transparent, understandable and reciprocal communication. The group maintains continual engagement with its identified key stakeholder groups to promote the achievement of business objectives and support economic, social and environmental sustainable business practices.

Further details on stakeholder engagement are included on pages 28 to 29.



Share dealings

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 period declared as a prohibited period in terms of the JSE Listings Requirements.

Detail of share transactions in the ordinary share capital by directors and the group company secretary during 2013 is as follows:

Name	Date of transaction	Nature of transaction	Weighted average price (cents per share)	Number of shares	Value of transaction R
IM Groves	22 May 2013	Sale of ordinary shares	2 121	9 519	201 897,99
	27 May 2013	Sale of ordinary shares	2 120	8 750	185 500,00
	28 May 2013	Sale of ordinary shares	2 120	11 250	238 500,00
	10 June 2013	Sale of ordinary shares	2 050	20 000	410 000,00
	12 June 2013	Sale of ordinary shares	2 050	40 000	820 000,00
	18 June 2013	Sale of ordinary shares	2 060	19 145	394 387,00
	19 June 2013	Sale of ordinary shares	2 060	20 000	412 000,00
	20 June 2013	Sale of ordinary shares	2 070	20 100	416 070,00
MJ Hankinson	21 June 2013	Sale of ordinary shares	2 108	51 236	1 080 054,88
	20 November 2013	Purchase of ordinary shares	2 556	19 000	485 640,00
Mrs CI Lewis	27 June 2013	Purchase of ordinary shares	2 060	1 200	24 720,00
AG Waller	8 March 2013	Purchase of ordinary shares	1 984	50 000	992 000,00
SDM Zungu	27 November 2013	Purchase of ordinary shares	2 480	4 000	99 200,00





King III reference table

The table below outlines explanations of practices applied, and areas of partial or non-compliance with the Code of Governance Principles as set out in King III. A detailed schedule of compliance with the King Code is available on the company's website:

Areas of partial/non-compliance	Comment
Chapter 2 – Boards and directors	
• Principle 2.20 – a formal process for the induction and ongoing training of directors is not in place.	<ul style="list-style-type: none"> A process for the induction of directors is in place. Relevant information relating to the markets in which the business units operate as well as legislative updates are provided to directors on an ongoing basis. The directors personally drive their professional development through further study and participation in various initiatives and programmes.
• Principle 2.23 – delegation to structured committees.	<ul style="list-style-type: none"> Risk management is not delegated to a committee and is reviewed and assessed by all members of the board, with a focused risk meeting scheduled annually. The terms of reference related to risk management are included in the board charter.
• Principle 2.25 – non-executive fees comprise a base fee and attendance fee per meeting.	<ul style="list-style-type: none"> Directors are paid a set fee per year based on their ongoing contribution, irrespective of their attendance at meetings.
• Principle 2.26 – the remuneration report includes justification for remuneration of individual directors and prescribed officers paid above the median.	<ul style="list-style-type: none"> The remuneration report outlines the determination of remuneration levels in general terms and not specifically related to the median of the benchmark used.
Chapter 3 – Audit committee	
• Principle 3.1 – the audit committee meets with the external and internal auditors without management being present at least once a year.	<ul style="list-style-type: none"> The audit committee assesses the need to meet with the external and internal auditors without management being present at each committee meeting.
Chapter 5 – Governance of information technology	
• Principle 5.5 – compliance with IT laws and related rules, codes and standards.	<ul style="list-style-type: none"> The IT steering committee is mandated to monitor compliance with IT laws and related rules, codes and standards.
• Principle 5.6 – the treatment of personal information as a business asset.	<ul style="list-style-type: none"> Compliance to POPI is addressed in the legal compliance framework and will be implemented within the stipulated period.
• Principle 5.7 – the management of IT risks.	<ul style="list-style-type: none"> The IT steering committee is mandated to monitor and manage IT-related risks.
Chapter 6 – Compliance with laws, rules, codes and standards	
• Principle 6.1 – the board oversees and monitors compliance with applicable laws, rules, codes and standards.	<ul style="list-style-type: none"> A formal legal compliance universe has been developed and the formal implementation and monitoring is ongoing.
• Principle 6.2 – familiarisation by directors with applicable laws, rules, codes and standards.	<ul style="list-style-type: none"> Directors are provided with updates to changes in legislation at each board meeting.
• Principle 6.3 – non-compliance with applicable laws, rules, codes and standards included in the risk management process.	<ul style="list-style-type: none"> The legal compliance universe and the continual implementation thereof will reduce the risk of non-compliance.
• Principle 6.4 – management structures to promote education, communication and measurement of compliance.	<ul style="list-style-type: none"> The legal compliance universe will support awareness and training as well as measure the level of compliance.

Areas of partial/non-compliance	Comment
Chapter 7 – Internal audit	
• Principle 7.3 – internal controls established over financial, operational, compliance and sustainability areas.	• Internal controls over financial and operational areas are well established. Internal control related to compliance and sustainability is being enhanced.
• Principle 7.5 – the chief audit executive has a standing invitation to attend executive committee meetings.	• The chief audit executive has unrestricted access to all directors and members of executive management including meeting packs, which include the minutes of the meetings.
Chapter 8 – Governing stakeholder relations	
• Principle 8.1 – measurement of stakeholder perceptions and company performance.	• Stakeholder relationships and the company's reputation are discussed at board meetings or on board committee level when required.
• Principle 8.5 – communication guidelines that support a responsible communication programme.	• Stakeholder engagement is undertaken in a responsible and transparent manner, using various methods, as outlined in the integrated report.
• Principle 8.6 – formal dispute resolution process.	• Disputes are resolved at a divisional level, with dispute settlement being preferred in the absence of a litigious culture.
Chapter 9 – Integrated reporting and disclosure	
• Principle 9.3 – independent assurance over sustainability reporting and disclosure.	• Independent assurance is undertaken on a limited basis in conjunction with the combined assurance model.

Social and ethics committee report



Mike Hankinson

The social and ethics committee is a formal statutory committee of the board, to assist the board in, inter alia, adhering to the Companies Act and Regulations as well as guidelines related to the social and ethical mandate of the company as set out in King III, where applicable to the company.

Role of the committee

The role of the social and ethics committee is to monitor the activities of the company and its subsidiaries, within a framework of legislative compliance and best practice, to support good corporate citizenship, stakeholder engagement, employee health and safety and the external impacts of the company's operations, human capital, the implementation of transformation and B-BBEE, legal compliance and corporate ethics.

The committee is authorised by the board to investigate any activity within the scope of its terms of reference, interact with employees and obtain external professional advice in conducting its business.



The key functions of the committee, defined in the social and ethics committee terms of reference, are to:

- monitor and review the company's social and economic standing in terms of the goals and purposes of the principles contained in the United Nations Global Compact Principles;
- monitor compliance with the recommendations of the Organisation for Economic Co-operation and Development (OECD) on corruption;
- monitor the promotion of equality and prevention of unfair discrimination;

- consider and record the actions taken by the company to reduce impacts related to the environment, health and public safety;
- monitor ethical behaviour of the company and its directors, employees and service providers, ensuring the effective training of all employees in the company's Code of Ethics and monitoring management actions following breaches of the Code of Ethics or misconduct at senior level;
- assess and monitor the implementation of skills development for employees;
- monitor the implementation of transformation and B-BBEE;
- monitor and review stakeholder engagement;
- monitor that the company conducts itself as a due and proper corporate citizen;
- report at the annual general meeting on matters within its mandate; and
- monitor legal compliance.

Composition and committee meetings

The committee consists of four members, one independent non-executive director, one non-executive director, one executive director and one prescribed officer. During the year under review, directors serving on the committee included Mike Hankinson (chairman, appointed 28 February 2012), Mkhuleni Faku (appointed 16 November 2011), Bongiwe Ntuli (appointed 19 February 2013), Craig Robertson (resigned 19 February 2013) and Andrew Waller (appointed 16 November 2011). More details of these directors and prescribed officer are given on pages 76 to 81.



The group company secretary serves as secretary to the committee.

Fees paid to the committee members are reflected on pages 98 and 99 in the remuneration report, and the proposed fees for 2014 are detailed on page 139.



Committee members meet at scheduled meetings twice a year. Unscheduled meetings are called when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2013.

Attendance of committee members at the meetings of the committee during the year is as follows:

	A/B
MR Faku	2/2
MJ Hankinson	2/2
B Ntuli	2/2
AG Waller	2/2

A indicates the number of meetings attended.

B indicates the number of meetings which the director could have attended.

Key activities

In terms of its mandate the social and ethics committee gave consideration to the following matters in 2013:

- the proposed new B-BBEE codes, their impact on the Grindrod scorecard and the company's action plans to set and achieve transformation objectives;
- the proposed Grindrod approach to socio-economic development and its alignment with the transformation strategy;
- an integrated approach to stakeholder engagement;
- the company's status in terms of safety, health, environment and quality matters;
- the formulation of a standardised approach to HR strategies, employee relations, skills development and employee wellness;
- the status and future development of HR practices, including succession planning, key performance management and skills retention;
- fraud risk mitigation measures;
- improvement of a formalised legal compliance universe; and
- measures to promote awareness of the company code of ethics.

During 2013, the terms of reference of the committee were reviewed and revised and an annual work plan for 2014 was approved.

Organisational transformation

Organisational transformation to establish a business culture that supports all facets of the environment within which the company operates is fundamental to the sustainability of its operations. The committee, supported by the CEO and executive management, facilitates organisational transformation through the proactive development of the company's human capital base.

More detail on the company's human capital and transformation activities is included on pages 114 to 116 and 117 in the sustainability review, respectively.

Safety, health and environment

A proactive approach toward matters related to workplace safety, employee health and wellbeing and the environment in areas of operation, through integrated management systems, strategies, policies, procedures and practices, is fundamental to continued business operations.

The committee, supported by the CEO and executive management, facilitates the formulation of key strategies focused on improved safety and health and environmental compliance.

More detail on the company's activities related to safety, health and the environment is included on pages 111 to 113 in the sustainability review.



Social responsibility

The committee also guides the company in its social responsibility programme, focused on the educational upliftment of members of disadvantaged communities based in areas in which it operates, to ensure that the company gives effect to its responsibility towards the development of communities.

More detail on the company's social responsibility activities is included on page 118 in the sustainability review.



Stakeholder engagement

The committee, supported by the CEO and executive management, monitors and reviews the maintenance of constructive and interactive stakeholder engagement to support the achievement of strategic business objectives.

More detail on the company's activities related to stakeholder engagement is included on pages 28 and 29.

On behalf of the social and ethics committee

Mike Hankinson
Chairman

24 February 2014



Audit committee report



Mike Groves

The audit committee is a formal, statutory board subcommittee, appointed by the shareholders to assist the board in its corporate governance supervision responsibilities. The committee operates independently of management, is free of any organisational restraint or pressure and acts in accordance with its statutory duties and the delegated authority of the board, within formally approved terms of reference.



Role of the committee

The audit committee ensures that accurate financial reporting and adequate systems, controls and risk management policies, procedures and standards are in place. The committee is responsible to ensure appropriate corporate governance and compliance within the scope of its mandate, with a specific focus on the potential risks to the company, and for IT governance and the strategic alignment of IT with the performance and sustainability objectives of the company.

The committee is also, subject to board approval, authorised to investigate any activity within the scope of its terms of reference and to interact with the directors, management, employees and assurance providers and obtain independent professional advice to ensure effective governance. The committee has decision-making authority regarding its statutory duties and is accountable to the board and the company's shareholders.

The audit committee's terms of reference authorises the committee to:

- ensure the application of a combined assurance model to provide a coordinated approach to all assurance activities, appropriate to addressing all significant business risks;

- evaluate the appropriateness and adequacy of the systems of internal financial, operational and business control;
- review the effectiveness of the process for identifying, assessing and reporting all significant financial reporting, internal financial control, fraud and IT risks as related to financial reporting;
- oversee the process for selection and confirm the nomination and appointment, in terms of the Companies Act and related legislation, of the external auditor and approve the terms of engagement and fees;
- review the independence of the external auditor and the quality and effectiveness of the external audit process;
- pre-approve all non-audit services provided by the external auditor;
- oversee the internal audit function, appoint and evaluate the performance of the internal audit manager and approve and monitor the implementation of the annual internal audit plan;
- review the conclusions of internal audit with regard to internal control, financial reporting, corporate governance and significant investigations;
- review and approve the appropriateness and integrity of accounting policies, financial and related non-financial information released to stakeholders;
- review the consolidated and separate annual financial statements and the consistency of sustainability information disclosed in the integrated annual report and recommend to the board the appointment of an external assurance provider on material sustainability issues;
- review the expertise, experience and resources of the company's finance function and consider and satisfy itself of the suitability, expertise and experience of the financial director;
- report on the activities of the committee to the board after each meeting; and
- report at the annual general meeting on matters within its mandate.

Composition and committee meetings

The committee composition adheres to the requirements of the Companies Act and King III. The chairman of the board may not serve on the committee. The committee comprises four independent non-executive directors, all of whom are financially literate. During the year under review, directors serving on the committee included Mike Groves (chairperson, appointed 29 May 2013), Walter Geach (appointed 29 May 2013), Grant Gelink (appointed 29 May 2013) and Mike Hankinson (appointed 29 May 2013). More details of these directors are given on pages 76 to 79.

Fees paid to the committee members are reflected on pages 98 and 99 in the remuneration report, and the proposed fees for 2014 are detailed on page 139.



The committee invites the chairman, the CEO, the group financial director, internal audit manager, representatives of the external auditors and other assurance providers and professional advisors to attend its meetings as required.

Committee members meet at scheduled meetings three times a year. Unscheduled meetings may be called when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2013.

Attendance of committee members at the meetings of the committee during the year is as follows:

	A/B
WD Geach	3/3
GG Gelink	2/2
IM Groves	3/3
MJ Hankinson	3/3

A indicates the number of meetings attended.

B indicates the number of meetings which the director could have attended.

Key activities

During 2013 and in terms of its mandate, the audit committee gave consideration to, inter alia:

- the nomination of the independent external auditor and approval of their terms of engagement, fees for audit and non-audit services and review of the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit and limited assurance reports;
- evaluating the independence, effectiveness and performance of the internal audit function and approval and review of the internal audit annual work plan;
- fraud risk management;
- the review and recommendation to the board for publicly disclosed financial information, including the interim results for the six months ended 30 June 2013 and the audited annual results for the year ended 31 December 2013;
- the review of the annual financial statements for the year ended 31 December 2013 and the 2013 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the board of directors;
- legislative and regulatory compliance within the scope of its mandate; and
- the need to meet with the external and internal auditors without management being present, which was not deemed necessary .

During 2013, the terms of reference of the committee were reviewed and revised and an annual work plan for 2014 was approved.

Information technology

The board's responsibility for IT governance is delegated to the audit committee and overseen strategically by the IT PMO to ensure the effective establishment and efficient delivery of projects and programmes, aligned with the IT Governance Charter which was adopted in 2013. IT projects are managed according to best-practice principles included in popular worldwide methodologies, such as PMBOK and Prince II, and tailored to add value to the Grindrod business. Appropriate IT structures have been defined, including disaster recovery and business continuity planning to ensure continuity of business processes to promote the sustainability of operations.

The maintenance of appropriate IT governance structures and risks associated with IT are managed by the executive IT steering committee. Audit assessments of IT-related controls are performed by the internal and external auditors, and significant findings and actions taken to address such key issues identified are reported to the audit committee for evaluation.

Group financial director

Following its assessment the committee confirms that, based on his qualifications, levels of experience, continuing professional education and the assessment of his knowledge, the group financial director, Andrew Waller, has the necessary expertise and experience to carry out his duties. The group financial director has unrestricted access to the chairman of the committee.

The committee also confirms that the finance function has appropriate levels of expertise, resources and experience to support company business.

Internal audit

Internal audit is an independent, objective consultation and assurance function which is central to Grindrod's governance processes, internal control framework and risk management. The effectiveness of the internal audit function and scope restrictions are monitored and reviewed by the audit committee, as is the internal audit manager's appointment and performance. He reports functionally to the committee and administratively to the group financial director and has unrestricted access to the chairman of the committee.

The role of internal audit is contained in the Internal Audit Charter. The internal audit function reviews significant business, strategic and control risks to provide the audit committee with an assessment on the level of assurance that can be placed on governance and control across Grindrod. The charter makes provision for a risk-based approach to align the audit methodology to internal and external risks facing the company.



Following its focus on assisting management with the development and embedding of internal financial control frameworks to identify financial reporting risks and ensure the adequacy of controls to address the risk of material misstatements of financial results, the internal audit function will focus further on risk-based audits to provide assurance on key risks affecting the realisation of strategic business objectives.

Material findings and matters of significance are formally reported to the audit committee, with reports indicating the appropriate management and control of actual or potential risks.

External audit

Deloitte & Touche served as the group's registered external auditors for the 2013 financial year. The independence, expertise and objectivity of and the appropriateness of rotation of key partners in Deloitte & Touche as the external auditor were appraised by the audit committee, as were the terms of engagement and fees paid. The external auditors have unrestricted access to the chairman of the committee.

Annual report

Annual financial statements

Following the committee's review of the annual financial statements for the year ended 31 December 2013, it is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS as issued by the International Accounting Standards Board (IASB), and fairly present the results of operations, cash flows and the financial position of Grindrod. On this basis, the committee recommended the annual financial statements of Grindrod for approval to the board of directors.

Integrated annual report

Having regard to material factors and risks that may impact on the integrity of integrated reporting, and following the committee's review of this report, it recommended that the board of directors approve the integrated annual report of Grindrod for the year ended 31 December 2013.

On behalf of the audit committee



Mike Groves
Chairman

24 February 2014

Remuneration and nomination committee report



Mike Hankinson

Scope of the remuneration report

This remuneration report includes the report of the remuneration and nomination committee, directors' emoluments, incentive schemes and directors interests in the company. It focuses primarily on the remuneration of the group's executive and non-executive directors. Further detail on employee remuneration is contained in the human capital management report on pages 114 to 116.



Remuneration philosophy and policy

Grindrod's remuneration and reward policies are aimed at achieving organisational sustainability through fostering a high-performance culture with engaged employees. Performance-related remuneration forms the cornerstone of the philosophy, with above-average remuneration awarded to employees who add significant value as measured through the achievement of performance objectives.

The business objectives, local and global market competitiveness, employee growth and development, the retention of scarce and specialised skills, and legislative compliance were considered with the development of the remuneration and award policy.

The reward strategy is aligned with the business strategy and the execution of that strategy. It emphasises value-based management to optimise employed capital and maximise organisational performance and effectiveness as well as shareholder returns. As such, a significant portion of the remuneration of the executive, prescribed officers and key managers is structured to ensure that their remuneration packages include short- and long-term incentives that are linked to performance and the achievement of sustainability targets, with the committee giving due consideration to the rationale and basis for the group's executive remuneration policy.

To ensure the continuity of operations and the protection of the group's competitive positioning, notice periods are prescribed as follows:

- Group CEO – 12 months;
- Members of the executive – six months;
- Key senior management – three months; and
- Other employees – 30 days.

Remuneration governance

The remuneration and nomination committee is a formal committee of the board that assists in determining and recommending executive remuneration policy and reviewing nominations for new appointments to the board.

The role of the remuneration and nomination committee, defined in the annually reviewed remuneration and nomination committee terms of reference approved by the board, is to independently monitor, advise on and make recommendations relating to all remuneration matters to promote an environment that is conducive to the achievement of strategic objectives and encourages individual performance and to recommend nominations of directors to the board for consideration and final approval.



The key responsibilities of the committee are to:

- review the remuneration policy that will promote the achievement of the strategic objectives of the company and encourage individual performance and monitor the outcomes of the implementation of the remuneration policy to measure whether the objectives that were set, have been achieved;
- approve the group remuneration policy, including the establishment and agreement of the total remuneration packages for executive directors and members of the executive committee;
- determine the performance management criteria for executive directors and members of the executive committee in carrying out their responsibilities;
- consider and monitor long-term incentive schemes for executive and key personnel;
- monitor the process of nominations for appointment to the board, review candidates and ensure the induction and continual professional development of appointed directors;
- monitor formal succession plans for board members, CEO, financial director and executive members;
- review the performance of the chairman of the board and the board subcommittees;
- evaluation and recommendation of fees for non-executive directors; and
- report at the annual general meeting on matters within its mandate.

Composition and committee meetings

The committee comprises four non-executive directors, two of whom are independent. During the year under review, directors serving on the committee included Mike Hankinson (appointed as chairman on May 2010), Ivan Clark (appointed November 2007), Jannie Durand (appointed 30 May 2012) and Mike Groves (appointed November 1999). More details of these directors are given on pages 76 to 79.

 The chairman of the board is an active member of the committee but not the chairman of the committee, since it is a combined committee. The committee fulfils an advisory role and makes recommendations to the board on matters related to both the remuneration and nomination of directors.

 Fees paid to the committee members are reflected on pages 98 and 99, and the proposed fees for 2014 are detailed on page 139.

Committee members meet at scheduled meetings three times a year. Unscheduled meetings may be called when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2013.

Attendance of committee members at the meetings of the committee during the year is as follows:

	A/B
IAJ Clark	3/3
JJ Durand	3/3
IM Groves	3/3
MJ Hankinson	3/3

A indicates the number of meetings attended.

B indicates the number of meetings which the director could have attended.

When appropriate, the group CEO and relevant members of senior management attend committee meetings by invitation. Attendees are excluded from voting at committee meetings and the group CEO is excluded from discussions related to his remuneration.

Remuneration structure

 The remuneration of executives, prescribed officers and key senior managers comprises a guaranteed total cost of employment (TCOE) and a variable portion which incorporates short- and long-term incentive bonus schemes. Pages 100 to 105 include further detail on the incentive bonus schemes. These include schemes that provide for awarding of a total of 3 310 272 shares as incentives, which can result in a 0,56 per cent dilution of the group's total equity.

Executive remuneration includes performance-related elements, which are aimed at promoting shareholder value by aligning the interests of executives with shareholders through linking the reward with the group's performance, promoting executive share ownership and supporting the retention of executives.

Grindrod utilises the "Towers Watson" global grading methodology, in consultation with independent compensation consultants, when benchmarking executive remuneration. In determining the level of responsibility, consideration is given to factors that include sales volumes, profits, number of employees, assets managed and salary/wage account.

The committee annually reviews and approves the remuneration packages of the executive directors and members of the executive committee. Due consideration is given to the individual's respective levels of experience, responsibilities and performance. The current levels of remuneration are benchmarked at the median of the relevant global grades and/or select comparator group, which include large local and international companies.

The performance of executive directors is reviewed annually by the remuneration and nomination committee against predetermined financial and operational targets to ensure alignment with shareholder interests.

When evaluating an individual executive, the remuneration and nomination committee considers the scarcity of the person's knowledge and skills and the premium placed on such a resource in the market place.

Non-executive directors' remuneration

The committee reviews the level of fees paid to non-executive directors' on an annual basis, with the board recommending approval of the proposed fees annually to the shareholders at the annual general meeting. The proposed fees take cognisance of remuneration levels paid by comparable listed companies based on various market surveys, and are aimed at achieving appropriate alignment.

Non-executive directors are excluded from participation in the group's incentive bonus plan and share option schemes.

Performance evaluation

During the year, the committee considered the results of the evaluation of the performance of the CEO, the group financial director, other executive directors and members of the executive committee in determining their respective remunerations and the annual performance evaluations done by all committees of the board and board members. The primary performance indicators are set out on page 100.



The committee also evaluated the performance of the directors retiring by rotation, as outlined in the notice of the annual general meeting, and recommended their nominations for election by the shareholders.

Integrated annual report

Following the committee's review of the accuracy, completeness and transparency of this remuneration report, inclusive of details of emoluments paid to directors and prescribed officers and incentive schemes included on pages 98 to 105, it recommended the inclusion of its report in the integrated annual report of Grindrod for the year ended 31 December 2013 to the board.



On behalf of the remuneration and nomination committee

Mike Hankinson

Chairman

24 February 2014

Emoluments paid to directors and prescribed officers

The tables below provide an analysis of the emoluments paid to executive and non-executive directors and prescribed officers of the company in relation to the 2013 and 2012 financial years.

	Directors' fees R000	Committee fees R000	Basic remuneration R000	Retirement medical and other benefits R000	Total package R000	Bonus ⁵ R000	2013 Total R000
Executive directors							
AK Olivier	–	–	5 497	1 358	6 855	6 546	13 401
DA Polkinghorne	–	–	2 691	553	3 244	2 921	6 165
DA Rennie	–	–	3 476	819	4 295	4 400	8 695
MR Wade ¹	–	–	5 380	213	5 593	5 130	10 723
AG Waller	–	–	3 068	542	3 610	3 650	7 260
Sub-total	–	–	20 112	3 485	23 597	22 647	46 244
Prescribed officers							
HJ Gray			2 658	509	3 167	1 669	4 836
WP Hartmann			2 699	476	3 175	–	3 175
B Ntuli			2 220	388	2 608	2 516	5 124
Sub-total			7 577	1 373	8 950	4 185	13 135
Non-executive directors							
IAJ Clark ²	705	70	–	–	775	–	775
H Adams	217	–	–	–	217	–	217
C Brahde ³	34	–	–	–	34	–	34
JJ Durand	217	54	–	34	305	–	305
MR Faku	217	–	–	48	265	–	265
WD Geach ²	289	121	–	–	410	–	410
GG Gelink ³	209	71	–	–	280	–	280
IM Groves ²	289	330	–	–	619	–	619
MJ Hankinson	217	173	–	80	470	–	470
PJ Uys ⁴	–	–	–	–	–	–	–
SDM Zungu	217	–	–	–	217	–	217
Sub-total	2 611	819	–	162	3 592	–	3 592
Total emoluments	2 611	819	27 689	5 020	36 139	26 832	62 972

¹ Includes accommodation costs in Singapore of R1 064 532 as part of the employment contract.

² Includes fees paid by Grindrod Bank Limited.

³ Appointed 1 January 2013.

⁴ Appointed as alternate director to JJ Durand on 30 August 2013.

⁵ Bonus payment in respect of services rendered in 2013 accrued as at year-end.

	Directors' fees R000	Committee fees R000	Basic remuneration R000	Retirement medical and other benefits R000	Total package R000	Bonus ⁸ R000	2012 Total R000
Executive directors							
AK Olivier	–	–	5 269	1 268	6 537	6 440	12 977
DA Polkinghorne	–	–	2 262	464	2 726	2 730	5 456
DA Rennie	–	–	3 197	850	4 047	4 000	8 047
AF Stewart ¹			1 184	458	1 642	–	1 642
MR Wade ²	–	–	4 513	929	5 442	3 136	8 578
AG Waller	–	–	2 872	546	3 418	3 410	6 828
Sub-total	–	–	19 297	4 515	23 812	19 716	43 528
Prescribed officers							
HJ Gray			2 486	845	3 331	2 100	5 431
WP Hartmann ³			1 489	268	1 757	2 070	3 827
B Ntuli ⁴			1 332	243	1 575	651	2 226
Sub-total			5 307	1 356	6 663	4 821	11 484
Non-executive directors							
IAJ Clark ⁵	570	64	–	55	689	–	689
H Adams	200	–	–	–	200	–	200
JJ Durand ⁶	136	26	–	–	162	–	162
MR Faku	200	38	–	–	238	–	238
WD Geach ⁵	265	114	–	–	379	–	379
IM Groves ⁵	265	268	–	55	588	–	588
MJ Hankinson	200	195	–	–	395	–	395
MM Visser ⁷	72	–	–	–	72	–	72
SDM Zungu	200	–	–	–	200	–	200
Sub-total	2 108	705	–	110	2 923	–	2 923
Total emoluments	2 108	705	24 604	5 981	33 398	24 537	57 935

¹ Resigned 31 May 2012.

² Includes accommodation costs in Singapore of R928 700 as part of the employment contract.

³ Appointed 1 June 2012.

⁴ Appointed 1 December 2012. 2012 bonus relates to contribution to Freight Services in her previous role.

⁵ Includes fees paid by Grindrod Bank Limited.

⁶ Appointed 9 May 2012.

⁷ Deceased 26 April 2012.

⁸ Bonus payment in respect of services rendered in 2012 accrued as at year-end.

Incentive schemes

Short-term incentive

Executives

Grindrod's short-term incentives for executives are capped at 100 per cent of guaranteed TCOE. The short-term incentive is determined based on KPIs that are agreed between the CEO and executives annually in advance and reviewed and agreed by the remuneration and nomination committee.

The bonus includes:

- a 50 per cent element based on both group and divisional stretch profit targets for the ensuing financial year, with achievement of the target being on a stepped basis;
- a 30 per cent element based on key initiatives of the three-year business plan, with a specific focus on non-financial targets which include, *inter alia*, transformation and SHEQ; and
- a 20 per cent element which is unspecified and is based on the evaluation of achievements tabled by executives for consideration during the course of the year.

The bonus payments related to performances as assessed and reviewed by the committee are set out below:

	Payout as a percentage of TCOE	
	2013	2012
AK Olivier	95	100
HJ Gray	52	70
WP Hartmann	—	69
B Ntuli	98	41
DA Polkinghorne	91	91
DA Rennie	100	100
MR Wade	84	65
AG Waller	100	100
Average	78	80

Other senior management

Bonuses paid to senior management within all divisions are based on the measurement of performance against pre-agreed key objectives, financial results and a limited discretionary element.

Other senior management, excluding the Financial Services division, can generally earn short-term incentives of up to a maximum of 60 per cent of their TCOE. Within Financial Services, this maximum can in some instances be as high as 100 per cent.

The Trading division has a deferred profit-sharing incentive scheme, where up to 22,5 per cent of profit before tax is allocated to a bonus pool, subject to a return on equity of at least 17,5 per cent. There is no cap on individual allocations, which are based on profit generated and personal performance objectives.

Long-term incentive

Share option gains and cash-settled share-price-linked option payments for 2013 are detailed below:

	Share options exercised R000	2013 Share-linked option payment R000	Total share option scheme gains R000
Executive directors/ prescribed officers			
AK Olivier	—	883	883
B Ntuli	—	144	144
DA Polkinghorne	—	643	643
DA Rennie	—	404	404
MR Wade	—	—	—
Total	—	2 074	2 074

	Share options exercised R000	2012 Share-linked option payment R000	Total share option scheme gains R000
Executive directors/ prescribed officers			
AK Olivier	5 104	45	5 149
B Ntuli (appointed 1 December 2012)	—	11	11
DA Polkinghorne	—	328	328
DA Rennie	—	29	29
AF Stewart (resigned 31 May 2012)	496	29	525
MR Wade	—	11	11
Non-executive directors			
IAJ Clark	429	—	429
Total	6 029	453	6 482

Share option scheme

The share option scheme is closed to additional participants and 900 000 shares (equivalent to 0,15 per cent of the issued share capital excluding treasury shares) remain under option in terms of the scheme as at 31 December 2013. This includes options still to be exercised by retired executives. The options are exercisable at the market prices ruling on the dates the options were granted.

A total of 1 100 000 ordinary share options were exercised during the year in terms of the scheme for a consideration of R11 737 000.

A summary of options exercised by executives during the year and those still to be exercised are as follows:

Director	Options at 1 January 2013	Options exercised during the year	Options lapsed during the year	Price at which options exercised R	Options at 31 December 2013	Option price R	Vesting dates	Expiry dates
AK Olivier	100 000				100 000	12,51	23.11.09	23.11.15
	100 000				100 000	12,51	23.11.10	23.11.15
	100 000				100 000	12,51	23.11.11	23.11.15
	100 000				100 000	12,51	23.11.12	23.11.15
DA Rennie	100 000				100 000	12,51	23.11.08	23.11.15
	100 000				100 000	12,51	23.11.09	23.11.15
	100 000				100 000	12,51	23.11.10	23.11.15
	100 000				100 000	12,51	23.11.11	23.11.15
	100 000				100 000	12,51	23.11.12	23.11.15
Total	900 000				900 000			

Share-price-linked option scheme

The group share-price-linked option scheme was introduced in 2007 for executives and key senior managers, in place of the aforementioned share option scheme. While the rules of the new scheme are modelled on those of the share option scheme, the important difference is that options under the new scheme are cash-settled rather than equity-settled. One third of the options vest on each of the third, fourth and fifth anniversaries of the relevant grant dates. The options do not have an expiry date beyond the vesting date.

The vesting date for the scheme is the date of the Grindrod Limited board meeting in February each year.

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

Annually during the staff appraisal period, the CEO requests nominations of key senior management for consideration under the scheme. Motivations are prepared by the executive at the time of the appraisal process and submitted to the CEO. After consideration and debate, with cognisance of the succession planning, the CEO submits the nominations agreed to the remuneration and nomination committee. Taking into account performance of each executive and key senior manager, the remuneration and nomination committee recommends the granting of options for approval by the board of Grindrod.

Bonus payments made under this scheme in any one operating division of the group may not exceed 10 per cent of the net after tax profit of that division.

Bonus payments of R1 891 027 were made on options which vested in 2013.

The group currently holds 6 769 076 treasury shares (not allocated to the forfeitable share plan). These treasury shares were purchased at an average price of R15,73 and the increase in value of these shares has accrued to the group.

A summary of options granted to executives and senior management, still to vest as at 31 December 2013, is as follows:

Date option granted	Number of options granted	Price R	Cancellations	Forfeited	Vesting on retirement/transfer	Vested	Net total
2009	3 749 000	14,30	(1 136 666)		(732 667)	(1 361 000)	518 667
2010	4 117 000	13,95	(1 287 667)		(388 000)	(866 666)	1 574 667
2011	3 475 000	16,33	(446 000)	(175 000)	(152 000)		2 702 000
2012	4 828 000	14,72	(134 000)	(1 975 000)	(176 000)		2 543 000
2013	5 693 000	16,68	(82 000)				5 611 000
	21 862 000		(3 086 333)	(2 150 000)	(1 448 667)	(2 227 666)	12 949 334

The detail of awards granted to executives as at 31 December 2013 are as follows:

Director	Options at 1 January 2013	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2013	Option price R	Vesting dates
AK Olivier	1 854 000		62 000 108 000 229 300 1 037 000	16,68 16,68 16,68 16,68	108 000 229 300 229 400 227 600 227 700 227 700 68 300 68 300 68 400 345 700 345 700 345 600	23,50 14,30 14,30 13,95 13,95 13,95 16,33 16,33 16,33 16,68 16,68 16,68	February 2013 February 2013 February 2014 February 2014 February 2015 February 2014 February 2015 February 2016 February 2017 February 2016 February 2017 February 2018
HJ Gray	393 000		254 000	16,68	131 000 131 000 131 000 84 700 84 700 84 600	14,72 14,72 14,72 16,68 16,68 16,68	February 2015 February 2016 February 2017 February 2016 February 2017 February 2018
WP Hartmann		289 000		16,68	96 300 96 300 96 400	16,68 16,68 16,68	February 2016 February 2017 February 2018
B Ntuli	259 300		25 700 30 400 334 000	16,68 16,68 16,68	25 700 30 400 30 300 25 000 25 000 25 000 14 000 14 000 14 000 111 300 111 300 111 400	14,30 14,30 13,95 13,95 16,33 16,33 16,33 14,72 14,72 14,72 16,68 16,68 16,68	February 2013 February 2014 February 2013 February 2014 February 2015 February 2014 February 2015 February 2015 February 2016 February 2016 February 2017 February 2016 February 2017 February 2018
DA Polkinghorne	128 400		43 400 217 000	16,68	28 300 28 400 28 300 72 300 72 300 72 400	23,50 16,33 16,33 16,68 16,68 16,68	February 2013 February 2014 February 2015 February 2016 February 2017 February 2018

Director	Options at 1 January 2013	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2013	Option price R	Vesting dates
DA Rennie	618 400		28 000 68 600 88 000 750 000	16,68 16,68 16,68	68 700 88 000 88 000 63 000 63 000 63 000 250 000 250 000 250 000	28,22 14,30 14,30 13,95 13,95 13,95 13,95 16,33 16,33 16,33 16,68 16,68 16,68	February 2013 February 2013 February 2014 February 2013 February 2014 February 2015 February 2014 February 2015 February 2016 February 2016 February 2017 February 2018
MR Wade	693 400		31 000 26 700 132 600 150 000	16,68 16,68 16,68	26 700 132 700 132 700 70 300 70 400 70 300 50 000 50 000 50 000	28,22 14,30 14,30 13,95 13,95 13,95 16,33 16,33 16,33 16,68 16,68 16,68	February 2013 February 2013 February 2014 February 2013 February 2014 February 2015 February 2014 February 2015 February 2016 February 2016 February 2017 February 2018
AG Waller	361 000		411 000		98 000 98 000 98 000 22 300 22 300 22 400 137 000 137 000 137 000	16,33 16,33 16,33 14,72 14,72 14,72 16,68 16,68 16,68	February 2014 February 2015 February 2016 February 2015 February 2016 February 2017 February 2016 February 2017 February 2018
	4 307 500	3 442 000	873 700		6 875 900		

Grindrod Bank Limited share-price-linked option scheme

The share-price-linked option scheme was introduced in 2009 for Grindrod Bank executives and key employees. The scheme operates on the same principles as the Grindrod share-price-linked option scheme, with the exception of the share price being based on the greater of the net asset value of Grindrod Bank or an agreed price earnings value, as opposed to the Grindrod listed price.

Vesting dates for the scheme are the dates of the remuneration committee meetings for Grindrod Bank.

A summary of options granted to executives and senior management of Grindrod Bank, still to vest as at 31 December 2013, is as follows:

Date option granted	Number of options granted	Price R	Cancellations	Vesting on retirement/transfer	Vested	Net total
2009	2 032 000	4,66	(310 000)	(171 000)	(1 034 000)	517 000
2010	1 144 000	4,99		(88 000)	(352 000)	704 000
2011	2 996 000	6,04				2 996 000
2012*	2 218 000	6,86				2 218 000
2013	1 646 000	7,55				1 646 000
	10 036 000		(310 000)	(259 000)	(1 386 000)	8 081 000

* 2012 options granted restated to 2 218 000 share-price-linked options.

Bonus payments totalling R2 395 250 were made on Grindrod Bank options vesting in 2013.

The detail of awards granted to an executive as at 31 December 2013 is as follows:

Director	Options at 1 January 2013	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2013	Option price R	Vesting dates
DA Polkinghorne	1 108 000		149 000	7,55		4,66	February 2013
			83 000	7,55	149 000	4,66	February 2014
					83 000	4,99	February 2013
					83 000	4,99	February 2014
					93 300	4,99	February 2015
					93 300	6,04	February 2014
					93 400	6,04	February 2015
					93 600	6,04	February 2016
					93 700	6,86	February 2015
					93 700	6,86	February 2016
					87 000	6,86	February 2017
					87 000	7,55	February 2016
					87 000	7,55	February 2017
					87 000	7,55	February 2018
	1 108 000	261 000	232 000		1 137 000		

Forfeitable share plan

During the year 107 388 shares were issued under the forfeitable share plan (FSP).

Award date	Date option granted	Number of options granted	Price R
31 May 2012	2012	2 150 000	13,65
31 May 2013	2012	152 884	14,71
31 August 2013	2013	107 388	24,91
		2 410 272	

In accordance with the shareholders' approval obtained at the 2012 annual general meeting, a maximum of 6 000 000 ordinary shares may be issued in terms of the scheme.

The table below shows the executive participants in the scheme and the value granted in 2012. There has been no movement in the executive awards during 2013:

Executive	Award date	Number of options granted	Price R	Value R
AK Olivier	31 May 2012	600 000	13,65	8 190 000
HJ Gray	31 May 2012	300 000	13,65	4 095 000
DA Polkinghorne	31 May 2012	150 000	13,65	2 047 500
DA Rennie	31 May 2012	500 000	13,65	6 825 000
MR Wade	31 May 2012	300 000	13,65	4 095 000
AG Waller	31 May 2012	300 000	13,65	4 095 000
		2 150 000		29 347 500

The shares vest in three equal tranches at the end of years three, four and five after the award date, respectively. For the delivery conditions to be met, the participants are required to remain employed by the group until the vesting date. There are no performance criteria in the vesting conditions. Employees terminating employment due to resignation or dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct will forfeit all unvested awards.

The value granted at the awarded price is recognised in the income statement over the vesting period.

In terms of the FSP, the participants are entitled to receive dividends paid and to vote in respect of the shares awarded. However, the forfeitable shares cannot be disposed of or otherwise encumbered, and they are also subject to a risk of forfeiture until the delivery date.

Directors' interests in the company

At 31 December 2013, the directors held interests in the company as follows:

Ordinary shares	2013			2012	
	Beneficial		Non-beneficial indirect	Non-Beneficial indirect	Non-beneficial indirect
	Indirect	Direct			
Date option accepted					
IAJ Clark	2 819 400	3 300 500	–	6 119 900	–
IM Groves*	50 000	800 000	–	1 298 947	–
MJ Hankinson	–	27 000	8 000	8 000	8 000
AK Olivier	–	2 034 250	–	2 034 250	–
DA Rennie	–	750 000	–	750 000	–
AF Stewart (resigned 31 May 2012)	–	–	–	462 050	–
AG Waller	–	50 000	–		
SDM Zungu	–	4 000	–		
	2 869 400	6 965 750	8 000	10 673 147	8 000

* Includes 248 947 zero-cost collar option which expired on 6 December 2013 and settled on 13 December 2013.

The ordinary shareholdings were unchanged as at 28 February 2014.

Sustainability review



Grindrod Terminals facility in Richards Bay – In joint venture with RBT Resources the existing Grindrod Navitrade operation and adjoining RBT land will be developed – Will service B-BBEE mining companies



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Assurance report

**Assurance report of the independent auditor,
Deloitte & Touche to Grindrod Limited on their
sustainability performance indicator disclosure as
contained in the integrated annual report for the
year ended December 2013 (the Report).**

Scope of work

Grindrod Limited (Grindrod) engaged us to perform limited assurance procedures for the year ended 31 December 2013 on selected sustainability performance indicators. The selected sustainability performance indicators are as follows:

- lost-time injury frequency rate (LTIFR) (%);
- direct energy consumption (petrol and diesel) (ML);
- indirect energy consumption (electricity) (kWh); and
- total direct and indirect greenhouse gas emissions (CO₂e tonnes).

Limitation of audit scope

Limited assurance procedures for the above indicators were restricted to the Grindrod Shipping and Freight Services divisions only. As such, this assurance report is applicable only to the above performance indicator disclosure for these named divisions.

No opinion is expressed on the consolidated group performance.

Directors' responsibility

The directors are responsible for the preparation of the integrated report for the year ended December 2013, including the implementation and execution of systems to collect required sustainability data.

Auditor's responsibility

Our responsibility is to express our limited assurance conclusion on selected sustainability performance indicators for the year ended 31 December 2013. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (ISAE 3000). This standard requires us to comply with ethical requirements and to plan and perform our assurance engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

The evaluation criteria used for our assurance are the Grindrod definitions and basis of reporting.

Summary of work performed

Considering the risk of material error, our multi-disciplinary team of sustainability assurance specialists planned and

performed our work to obtain all the information and explanations we considered necessary to provide sufficient appropriate evidence. Our work was planned to mirror Grindrod's own group-level compilation processes.

Key procedures we conducted included:

- gaining an understanding of Grindrod's systems through interview with management responsible for reporting systems at corporate head office and site level; and
- reviewing the systems and procedures to capture, collate, aggregate, validate and process source data for the assured performance data included in the report.

Our conclusion

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that the selected sustainability performance indicators are not fairly presented.

This assurance statement is made solely to Grindrod in accordance with our engagement letter. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a limited assurance report and for no other purpose. Thus, we do not accept or assume responsibility to anyone other than Grindrod for our work, for this report, or for the conclusions we have formed.

Deloitte & Touche

Registered auditors

Per AN le Riche

Partner

24 March 2014

1st Floor, The Square, Cape Quarter
27 Somerset Road
Greenpoint, Cape Town
8005

National Executive: LL Bam (Chief Executive) AE Swiegers (Chief Operating Officer) GM Pinnock (Audit) DL Kennedy (Risk Advisory) NB Kader (Tax) TP Pilay (Consulting) K Black (Clients & Industries) JK Mazzocco (Talent & Transformation) CR Beukman (Finance) M Jordan (Strategy) S Gwala (Special Projects) TJ Brown (Chairman of the Board) MJ Comber (Deputy Chairman of the Board) Regional Leader: GC Brazier

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Economic performance

	2013 Rm	2012 Rm
Total wealth created	3 373	2 991
Remuneration paid to employees	1 287	1 264
Rewards to capital providers	278	285
Payments to government	112	136

The control, monitoring and review of the company's economic performance is a fundamental responsibility of the board.

Economic sustainability, considered critical to attract and retain customers, employees and investors, is supported through organic growth and acquisitions. Shareholder interests are promoted through initiatives that increase the value of the group by leveraging opportunities and managing risks from a financial, social and environmental perspective.

Wealth created constitutes revenue earned from the sale of services and investment income less the amounts paid to suppliers for material and services purchased. In 2013, Grindrod created wealth of R3 373 million for its stakeholders, with key beneficiaries being its employees and the providers of share and loan capital. This represents an increase of 12,8 per cent over the R2 991 million created in the preceding financial year.

In addition to being a key revenue generator through its material origin-to-destination logistics chain activities, and ultimately the sale of products and services through its four operating divisions, Grindrod contributes materially to the sustainability of the many local communities in which its diverse operations are based. Value is added directly for stakeholders and indirectly through the company's supply chain procurement process and social responsibility programmes. Grindrod is a primary employer and assists in skills development through its broad range of training programmes.

The creation of value for stakeholders is dependent on the company's ability to proactively manage the risks associated with economic performance. Key risks include and are related to funding, infrastructure, and market conditions.

Funding

Sustainable growth is dependent on high levels of investment in capital projects. The company maintains a detailed funding plan and assesses liquidity to ensure the availability of funding for expansion projects and working capital requirements.

Infrastructure

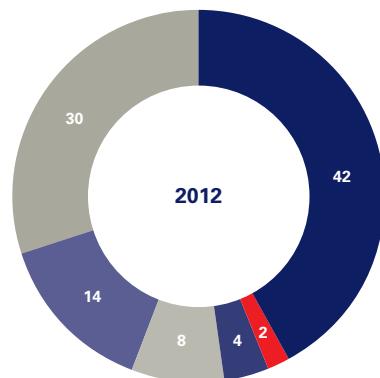
The effective utilisation of the company's assets and investments hinges on the availability of adequate infrastructure within the regions of operation. Inadequate infrastructure impacts on revenues, cash flows and profitability. Strategic dialogue is maintained with key stakeholders to promote the adequacy of infrastructure.

Market conditions

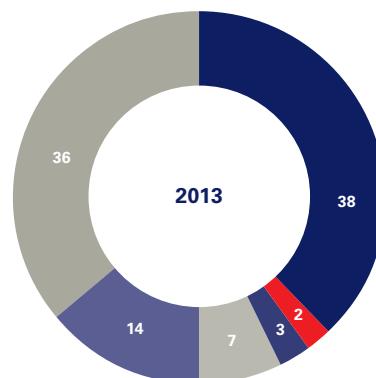
Grindrod's business activity levels are directly related to market demand for commodities and related logistics services. Global economic conditions and demand underpin pricing structures that are applicable to a wide range of business activity and are not within the company's control. Price fluctuations impact on revenues, cash flows and profitability. The company's diversified business portfolio provides a basis for improved flexibility and more stable returns.

Other risks influencing the longer-term economic performance of the company include industrial action, volatility in the shipping markets, competitor actions, input costs and instability in the exchange rate and interest rates.

Distribution of wealth (%)



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



2013 performance

The Grindrod integrated annual report provides a comprehensive review of the company's operational and financial performance, and the broader material sustainability issues that underpin business performance. In 2013:

- revenue generated through the sale of products and services decreased by 42,5 per cent from R27,3 billion in 2012 to R15,7 billion due to decreased trading volumes and the disposal of Cockett Marine Oil in 2012 in the Trading division;
- the weighted average exchange rate of R9,67:US\$1,00 in 2013, compared to that of R8,22:US\$1,00 in the 2012 year, impacted positively on foreign exchange-based earnings;
- payments made to employees increased from R1 264 million in 2012 to R1 287 million, an increase of 1,8 per cent;
- payments made to government decreased by 18 per cent from R136 million in 2012 to R112 million;
- headline earnings per share increased in 2013, from a basic headline earning of 102,6 cents per share in 2012 to 118,7 cents per share in the current year;
- dividends per share increased from 32,9 cents per share in 2012 to 37,1 cents per share in the current year, representing a 12,8 per cent improvement in shareholder returns; and
- R2,868 billion (2012: R1,849 billion) was spent on capital expenditure in subsidiaries and joint ventures.

Safety, health, environment and quality (SHEQ)

Grindrod is guided by applicable legislation and international and national best practice to ensure that solid performances in safety, health, environment and quality underpin the company's operations and objectives.



The group environmental and climate change policy was amplified with an additional group SHEQ policy which acknowledges that the safety and health of employees, contractors, customers and members of the communities in which Grindrod operates is of paramount importance and cannot be compromised. As part of the company's commitment to sustainability and good corporate governance, Grindrod strives to minimise and mitigate the impact of its operations on the environment in a sensible, responsible and legally compliant manner.

The Grindrod executive team serves on the group SHEQ management committee, under the chairmanship of the CEO.

The committee meets four times a year to focus on, *inter alia*, the assessment of associated risks and mitigation plans and the suitability of compliance frameworks.

Freight Services has integrated ISO 9001, ISO 14001 and OHSAS 18001 management systems in place at most operations over which it has operational control. The implementation of a centralised database to enhance legal compliance is being developed by Freight Services.

The management and maintenance of vessels in Shipping are guided by strict international conventions and laws. Most ships under Grindrod management are ISO 9001 and ISO 14001 certified.

Trading has implemented gap-closure programmes for SHEQ management systems where bed-line audits identified improvement opportunities.

Safety and health

Freight Services key performance indicators	2013	2012	2011	2010	2009
Safety and health spend (R000)	22 896	17 326	15 182	11 035	4 367
Medical treatment cases	156	125	85	68	24
Lost-time incidents	109	120	74	72	52
Fatalities	2	2	1	2	5
LTIFR**	1,31	8,42	5,53	7,03	7,03**
Shipping key performance indicators	2013	2012	2011	2010	2009
Safety and health spend (R000)	11 828	6 287	4 380	2 101	2 325
Medical treatment cases	2	6	7	4	2
Lost-time incidents	8	2	3	1	–
Fatalities	–	–	–	–	–
LTIFR**	0,29	0,47	0,88	0,80	–
Trading key performance indicators	2013	2012	2011	2010	2009
Safety and health spend (R000)	509 887	*	*	*	*
Lost-time incidents	20	*	*	*	*
Fatalities	–	*	*	*	*
LTIFR	3,7	*	*	*	*

* Not measured.

** LTIFR was calculated using 200 000 manhours in 2013, as opposed to 1 000 000 manhours in the previous year.

Safety

Safety of employees, contractors, customers and the public is paramount in all operations.

Three fatalities were reported in 2013.

In January, an Intermodal truck driver was fatally injured in an accident when the vehicle veered off the N3 highway.

In October, someone not employed or contracted by Grindrod was fatally injured by a transporter vehicle, after entering the Maputo terminal without authorisation.

In December, a security guard, employed by Grindrod Management Services, suffered a fatal injury in an accident involving a lift in Quadrant House.

All three fatalities were reported to the relevant authorities and duly investigated. Internal investigations included remedial action to reduce the risk of reoccurrence.

The Freight Services division, as well as contractor management, have fatal risk standards identifying the top risks in their operations. These include the isolation of equipment and machinery, working at heights, pedestrian awareness and the use of mobile equipment.

The key indicator of safety in the workplace is the LTIFR, which is measured as injuries per 200 000 hours worked. The division's target an annual reduction of 20 per cent, which was achieved by the terminals and ports divisions within Freight Services in 2013.

Current reporting of incidents specifies lost-time injuries (LTIs) and medical treatment cases.

Terminals has a mature management system, which includes safety-related KPIs for management. Stringent SOPs have been introduced, complemented by a training programme and six-monthly refresher courses.

Health

Mandatory occupational health inspections form the basis for ensuring a fit and healthy workforce. Prescribed examinations are conducted at appointment and resignation or retirement, and every year in between. At operations that pose a specific risk, such as dust inhalation at dry-bulk terminals,

the examinations are more extensive and frequent and risk-mitigation measures are in place.

Complementary health initiatives include workplace wellness education, including HIV/Aids and other chronic diseases, and anonymous access to an independent wellness counselling service to address health-related problems such as stress or substance abuse.

Grindrod participates in the National Aids Week Business Bannerthon. The drive, launched 12 years ago, is a well-recognised project encouraging South African businesses and corporations to become involved in the meaningful challenge against HIV/Aids. The money generated from the Bannerthon is donated to 11 Aids orphanages.

Environment

The Grindrod environmental policy includes tangible targets for 2020:

2020 target	2013 performance
Reduce by 10 per cent normalised overall group emissions CO ₂ e (grams) per rand revenue (2010 as base year).	Target not achieved – increased to 15,6 from 14,9 in 2012. Shipping emissions intensity increased to 85,5 CO ₂ e per rand revenue from 77,6 CO ₂ e.
Reduce by 10 per cent ship-based GHG emissions (CO ₂ e) per tonne/NM on average and comply with International Maritime Organisation (IMO) ship emissions regulations (2010 as base year).	Emissions decreased to 9,78 CO ₂ e per tonne/NM from 10,44 in 2010 and ship-based SOx emissions decreased to 3,74 per 1 000 nautical miles from 4,69.
Reduce by 10 per cent land-based diesel-vehicle GHG emissions per kilometre on average (2012 as base year).	On track, with heavy-vehicle emissions efficiency decreasing to 1,38kg CO ₂ per kilometre (from 1,41) and a reduction in SOx to 0,42 (from 0,43 in 2012) and NOx emissions decreased to 15,87kg per 1 000 km (from 16,16 in 2012).
Reduce by 20 per cent normalised land-based Scope 2 electricity usage by machinery and in buildings owned by Grindrod (2010 base year).	On track, with usage improving to 2 791 kWh/FTE from 3 093 kWh/FTE. This is a 25,29 per cent improvement on the 2010 usage of 3 736 kWh/FTE.
Source at least five per cent of total energy usage from renewable sources.	Evaluating the available technology options against Grindrod requirements, as well as market opportunities related to global climate change responses in terms of developing new products and services with environmentally differentiated attributes.

Environmental management

Environmental impacts are measured and reported according to guidelines set by the GRI, the JSE SRI, the Carbon Disclosure Project (CDP) and best-practice benchmarking against the performance of peer companies. Environmental and climate change performance factors are included in the annual remuneration assessments of the CEO and executive directors. The social and ethics committee has a strategic mandate to oversee environmental and climate change management.

The company policy regarding environmental and climate change vision 2020, is available on the Grindrod website, as are its environmental reporting approach and key indicator performance against



targets. The accuracy of key reporting data was verified by Internal Audit, with limited assurance given by Deloitte & Touche (report on page 108) on the following:



Key indicator	Unit	2013
Scope 1 emissions ¹	mt CO ₂ e	328 891
Scope 1 emissions (vehicles) ²	mt CO ₂ e	91 794
Scope 2 emissions (purchased electricity) ²	mt CO ₂ e	15 261
Marine diesel oil consumed ¹	tonnes	4 660
Heavy sulphur fuel oil consumed ¹	tonnes	90 701
Low sulphur fuel oil consumed ¹	tonnes	15 709
Total electricity consumption ²	kWh	14 816 191
Total land-based diesel ²	kl	29 234
Total land-based petrol ²	kl	409

¹ Shipping.

² Freight Services.

Where required, employees receive environmental-management training and stakeholders are engaged on matters related to environmental sustainability, through the annual integrated report and the company website, amongst others.



All sites, excluding new acquisitions, designated by Freight Services for the implementation of environmental management systems (EMS) have been certified to ISO 14001 or are ready for certification. Unicorn Shipping maintained its ISO 14001 certification covering all ships and shore-based crewing services. IVS maintained its bulk-carriers certification.

In terms of legal compliance, there were no material incidents of non-compliance or fines or non-monetary sanctions in any jurisdiction Shipping operates in.

Air quality management

Grindrod discloses all emissions from operationally controlled operations and ships, having identified climate change as a risk to business sustainability. The activities of Shipping and Freight Services impact most on the environment – generating 98 per cent of GHG emissions of the group.

Measured in terms of Scope 1 and 2 GHG Carbon (GHG C) emissions, Shipping generates 74 per cent and Freight Services, mainly Logistics, 25 per cent. Across the divisions, electricity in buildings and offices generate four per cent of Scope 1 and 2 GHG C.

The impact of the proposed carbon tax, which is targeted for implementation in 2015, is expected to be R9,2 million a year at the base rate of R120 per tonne of CO₂ equivalent. During the first phase, from 2015 to 2019, the base rate will increase at 10 per cent per year.

Fuel consumption of Logistics heavy-duty vehicles continued to improve as vehicles are replaced by more fuel-efficient ones. Average fuel consumption decreased to 43,65 litres per 100 km (from 45,28 in 2012 and 47,27 in 2011). Consumption figures for the wheeled-transportation fleet improved to 43,65 litres per 100 km (43,72 in 2012 and 45,32 in 2011).

Biodiversity

One of the company's main environmental and reputational risks, a sea oil spill, was again successfully managed, with Shipping reporting one minor oil spill of 100 litres. An oil spill is classified as one barrel or less.

Logistics reported 51 spillages (50 in 2012), mostly related to truck drivers overfilling road tankers or opening the wrong fuel line. Some 18 714 litres (9 116 in 2012) were lost, with the increase in litres lost due to spillages being the result of criminals releasing 12 000 litres of fuel next to a road after

hijacking a Fuelogic tanker. The area was treated and returned to its natural state and would be monitored for an extended period. Further reductions in the number of spillages are anticipated following incorporation of SHEQ KPIs on drivers' performance assessments.

Marine biodiversity measures at Shipping include:

- a policy to not transport hazardous waste;
- not using Tributyltin (TBT) or lead-containing antifouling paint;
- ballast-management plans that comply with IMO requirements to minimise the potential of spreading invasive marine organisms between ecosystems;
- signing up to the voluntary clean-ship class notation, which encompasses current and expected environmental regulations; and
- adhering to and, if possible, exceeding Marpol guidelines on ballast management, waste disposal and other practices that may negatively impact marine conservation.

The possible negative effects a ship collision may cause are addressed by using only double-hulled or sectioned oil and chemical tankers and state-of-the-art navigation and safety equipment.

Water management

Water conservation measures across the company were expanded to the use of harvested rainwater at the Richards Bay terminal in 2012. In 2013, the reservoir supplied 27 per cent (21 per cent in 2012) of water requirements. This equates to seven per cent (six per cent in 2012) of the total Grindrod water consumption.

Normalised water consumption for the company was 29,6 kilolitres per full-time equivalent (26,3 kilolitres in 2012), an improvement of 16 per cent. The objective is to reduce water usage by 20 per cent by 2020 from 2010 as baseline.

Waste management

The success achieved in 2012 in reducing tyre waste in Freight Services through the introduction of re-use and recycling continued in 2013. Only 1 162 tyres were disposed of in land-fill sites (781 in 2012 and 5 245 in 2011).

The group objective to increase solid waste recycling to 20 per cent of total solid waste generated by 2020 was reached in 2013 with 54 per cent solid waste being recycled.



Fuelogic successfully conducted a simulated emergency exercise next to the N3 highway near the Vaal Toll Plaza during May 2013 to test its emergency response plans and the capability of operational staff to respond to emergencies in an efficient manner. A Fuelogic tanker, a Grindrod Logistics vehicle carrier and a mini-bus wreck were positioned off-road on the river bank. Volunteers acted as injured passengers, each with a sticker indicating their injuries, and dummies were thrown into the river. An environmentally friendly colourant was poured into the river to indicate a fuel spill. Other parties involved in the exercise were ER24, EMRS, DRIZIT Environmental, HAZMAT, the Metropolitan Fire Department, SAPS and Tollcare, and representatives from oil-major customers and Grindrod companies attended.

Human capital management

Following rapid corporate expansion during the past few years, a Corporate Services division was established at the end of 2012 and an associated executive committee appointment made to develop a shared services strategy and a fit-for-purpose procedures for support services across the company.

During 2013, progress was made with establishing a strategy and a framework for standardised human resources policies and practices, in consultation with independent consultants, to entrench sustainable best-practice.

The framework supports Grindrod's objective of high standards for human capital management through recruitment practices, skills development, talent management, performance measurement and employee relations – aligned with the company's business strategy and employment equity targets.

This approach facilitates a dynamic and conducive environment within which the group and staff are in a position to add meaningful and reciprocal value.

Grindrod recognises that the skills, experience, motivation and wellbeing of employees are crucial to today's globally integrated company success and its human capital management strategy supports this principle.

Human capital management technology

The full deployment of all SAP human capital management system modules across all businesses and subsidiaries was approved by the board and the project is progressing as planned with the full rollout of local and global entities expected to be complete by the first half of 2015. This will result in consistent human capital management practices and facilitate group-wide reporting on human capital.

Basic conditions of employment/human rights

Grindrod allows no discrimination in terms of race, gender, religion or physical disability, and the use of child labour is forbidden. Disciplinary and grievance procedures are communicated to staff. All employees are made aware of and have access to an independently managed whistle-blowing service through various communications media, ranging from telephone to e-mail.

Talent management

Talent management is crucial to ensure the development of an adequate skills and management base to ensure the sustainability of the company into the future.

SAP talent management modules are expected to further enhance consistency, transparency and facilitate the management of the group's talent pool.

As the company expands locally and globally, the establishment of a deployable talent pipeline is considered a key process. During 2014, talent management principles will be refreshed centrally and deployed across the group subsidiaries.

While the strength of current leadership in the group will drive the achievement of strategic objectives, succession planning is equally important to Grindrod in ensuring maintained sustainability. Leadership development and senior management succession will continue to be a focus area.

Performance management and retention initiatives support the talent management process, which will be standardised further across divisions in 2014. Currently, performance discussions are held twice a year with employees to recognise the achievement of goals, address areas of development and define learning skills which may be required to improve productivity, career growth and development.

Recruitment

Recruitment is done through internal resources where possible, to avoid the excessive cost of using external employment agencies. The group also has relationships with established agencies to assist in sourcing of talent where required. A portal on the company's website targets the recruitment of technically skilled people. Access to the Grindrod Limited careers portal can be gained through www.grindrod.co.za.



Skills development

Skills development comprises formal training, professional development and on-the-job coaching, internally and through external service providers. Divisions continue to experience a shortage of qualified and competent artisans. The shortfall is being addressed through discretionary grant funding by the Transport, Education and Training Authority (TETA) at an accredited trade school. Training spend was R18,0 million in 2013 (2012: R12,5 million).

Course programme	Total attendees	% Designated	% Black*	% Female	Total cost (R)	% Cost on black*
Computer skills	373	82	79	48	442 044	43
Mobile hoist driver	1 211	95	97	8	372 518	91
Management and support	1 679	86	88	37	1 507 944	63
Adult basic education and training	133	99	98	32	936 713	100
Continual professional development	570	80	86	34	4 769 352	77
Regulatory	165	83	66	59	229 503	48
Workplace effectiveness	3 066	90	93	16	3 582 116	78
Shipping and logistics	268	71	82	30	1 581 932	67
Learnership	237	92	96	39	4 564 662	88
Grand total	7 702	88	91	25	17 986 784	78

* Includes Black, Coloured and Indian.

Grindrod runs a graduate development programme which contracted 18 graduates (2012: 19) for a year to study a National Certificate in Generic Management NQ5. Fourteen of the graduates are now permanently employed at Grindrod (2012: six).

Employees attended 7 702 training interventions (2012: 4 103), of whom 88 per cent (2012: 82 per cent) were designated employees.

Learnerships

In 2013, 237 learners attended learnership programmes (2012: 186) arranged by Grindrod. Of these, 84 were found competent through the internal moderation process and 23 through TETA. Fourteen have been employed at Grindrod. Ninety-two per cent of all learners were from designated groups.

Grindrod continues to actively develop maritime skills through Unicorn's Maritime Training Academy, which offers SAMSA-accredited, internationally recognised training to seafarers.

The training is fully up to date with the latest STCW Manila 10 amendments keeping trainees in date with the latest international requirements and standards.

During 2013, 2 030 (2012: 2 110) seafarers completed courses at the training school, 258 of whom were employed by Unicorn. Grindrod's long-standing cadet training scheme, which trains male and female navigation and engineering officers, continued to produce good results. During 2013, 24 cadets (2012: 25), of whom 12 were black and four female, attended the cadet training programme. This programme was extremely successful with a 100 per cent pass rate from recruitment to the achievement of first licence.

Grindrod also prides itself on participation in the National Cadet Training Scheme, administered by the South African Maritime Training Academy (SAMTRA) on behalf of SAMSA. Ten cadets from this national project have been accepted into the cadet training scheme by providing training berths on-board Grindrod vessels. The cadet training programme was a significant investment in skills with a budget of R4,4 million in 2013.

2013 scope and demographics	Black		White		%	
	Male	Female	Male	Female	Total	Black
National Certificate Business Administration NQF2	3	3	–	–	6	100
National Certificate Business Administration NQF4	11	25	2	3	41	88
National Certificate Freight Handling NQF3	15	6	–	–	21	100
National Certificate Hygiene and Cleaning Learnership	14	16	–	–	30	100
National Certificate Generic Management NQF3	35	10	3	2	50	90
National Certificate Generic Management NQF4	10	5	4	3	22	68
National Certificate Generic Management NQF5	10	11	6	1	28	75
National Certificate Professional Driving NQF3	9	–	–	–	9	100
National Certificate Transport NQF1	15	1	–	–	16	100
Learnership: Certificate in Core Banking and Financial Services	–	6	–	–	6	100
Learnership: Financial Markets and Instruments NQF6	2	1	5	–	8	38
Grand total	124	84	20	9	237	88



Employee relations

Employee relations are managed through a variety of communication tools, including personal communication, bargaining councils and recognised unions, as prescribed by legislation. In 2013, 28 per cent (2012: 30 per cent) of employees belonged to three bargaining councils and 32 per cent (2012: 39 per cent) to eight unions.

During 2013, 21 days were lost as a result of industrial strike action. The company continues to proactively engage with key stakeholders in this regard to minimise the probability of industrial action and associated losses.

At year-end, Grindrod employed 7 675 permanent and contracted employees across the world (2012: 7 295). Employment

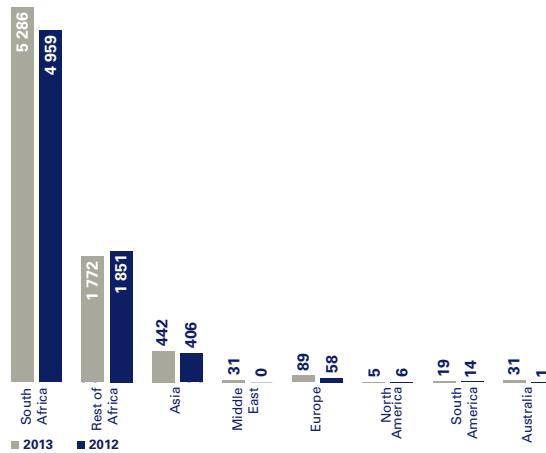
figures reduced as a result of cost and efficiency measures, but increased due to business acquisitions.

Geographic employee complement

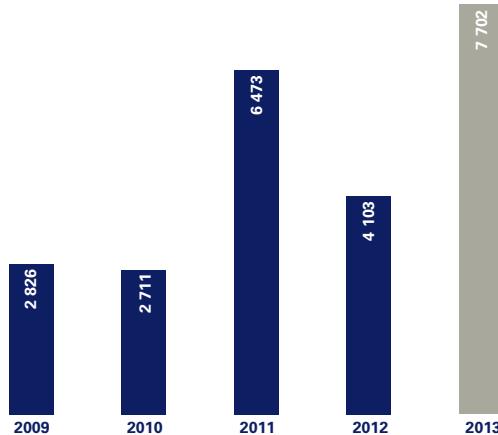
Country	2013	2012	% change
South Africa	5 286	4 959	7
Rest of Africa	1 772	1 851	(4)
Asia	442	406	9
Middle East	31	—	—
Europe	89	58	53
North America	5	6	(17)
South America	19	14	36
Australia	31	1	3 000
Total	7 675	7 295	5

Group relationship	Permanent staff (SA citizen)	Permanent staff (non-SA citizen)	Contract staff (SA citizen)	Contract staff (non-SA citizen)	Total
Total subsidiaries	2 877	459	518	450	4 304
Total joint ventures	1 698	956	142	20	2 816
Total associated companies	5	550	—	—	555
Total Grindrod group	4 580	1 965	660	470	7 675

Geographic distribution of group staff complement



Total training courses attended by group employees



Transformation

Grindrod is committed to transformation in line with the objectives of the B-BBEE Act and the Department of Trade and Industry (dti) code of good practice to achieve a workforce which represents the demographics of the country. Grindrod's transformation strategy takes into account that transformation is more than just the achievement of standards and targets.

During 2013, the newly established Corporate Services division increased the focus on and resources committed to standardising central services across the company, including transformation issues.

A revised transformation strategy, including targets, was drafted in 2013 for adoption by the divisions during 2014. The strategy formalises the initiatives to further entrench practices which will accelerate transformation.

The strategy further focuses on increasing the representation at skilled and middle-management levels, thus approaching transformation internally. This approach also lays the foundation for a coordinated approach to skills development, career and succession planning and employment equity, and enables the establishment of a talent pool which can progress to middle and top management.

Transformation initiatives include enterprise development, the largest project being the Logistics driver/subcontractor programme which has 24 participants (2012: 10).

During the year, an average level 3 B-BBEE rating has been maintained and the largest South African operation, Grindrod South Africa Proprietary Limited, achieved a level 2 rating (2012: level 3).

An analysis of the workforce revealed that while 79,1 per cent of the workforce is designated employees, white males and white females are overrepresented at middle, senior and

executive management. This is being addressed through internal initiatives, including a recently launched Grindrod Graduate Opportunity and Leadership Development (GOLD) programme that is aimed at recent graduates to enable them to access, explore and understand various aspects of the diverse freight businesses.

Graduates build competence through experiential learning they get from cross-exposure to all our businesses in various locations and demonstrate this competence through application and implementation in the work place.

Twenty-two graduates have completed the GOLD programme and almost R10 million has been invested in the process of accelerating the development of the company's future leadership and meeting transformation targets.

There is ample support for GOLD graduates. During the 12 months, the graduates are assigned a senior programme manager who facilitates the structuring of their programme, a line manager who provides the relevant work experience, and a mentor who is responsible for their holistic development. The mentor ensures that the graduate receives the appropriate exposure to achieve the development objectives. Other executives also take a keen interest in the development of graduates.

After the 12-month programme, the business units select graduates to place in suitable areas, having considered the business need and the graduates' area of interest and skills. Graduates also become part of a graduate network to help future graduates in establishing themselves at Grindrod.

This is a really exciting project, providing top-calibre graduates with an opportunity to kick-start their careers and for Grindrod in the establishment of a talent pipeline of future leaders.

Occupational levels	Male						Female						2013 Designated Total	2012 Designated Total	White Male	Foreign nationals Male	Female	Total
	African	Coloured	Indian	African	Coloured	Indian	White											
2013																		
Top management	-	-	-	1	-	-	-	-	1	1	6	-	-	7				
Other top management	3	-	3	-	-	1	3	10	10	22	1	-	33					
Senior management	10	2	18	2	4	17	22	75	41	87	2	1	165					
Middle management	30	9	62	3	11	42	68	225	198	165	10	1	401					
Skilled	756	88	227	85	46	139	204	1 545	1 542	346	79	10	1 980					
Semi-skilled	839	102	135	150	56	84	111	1 477	1 369	103	178	16	1 774					
Least skilled	295	14	35	122	5	2	1	474	286	19	20	6	519					
Total permanent	1 933	215	480	363	122	285	409	3 807	3 514	748	290	34	4 879					
Temporary/contract	307	36	58	119	19	18	28	585	330	71	20	-	676					
Grand total	2 240	251	538	482	141	303	437	4 392	3 844	819	310	34	5 555*					
Percentage (%)	40,3	4,5	9,7	8,7	2,5	5,5	7,9	79,1		14,7	5,6	0,6	100,0					
2012 total	1 963	230	452	383	111	257	448			750	328	35	4 959					
Percentage (%)	39,6	4,6	9,1	7,7	2,2	5,9	9,0			77,5	15,1	6,6	0,7	100,0				

* Note that 269 employees employed by South African-based companies work outside South Africa and therefore are not reflected under South Africa on the geographic employee complement table on page 116.

Social responsibility

Social responsibility initiatives at Grindrod focus on education-related programmes in previously disadvantaged communities.

Activities are guided by a corporate social investment (CSI) policy which aims to make a relevant and notable contribution to social development in the education sector and nurture a reputation that Grindrod is a compassionate organisation that contributes to the improvement of education in underprivileged communities, including infrastructural improvements and training. Increased impact will be facilitated through the consolidation of divisional CSI spend in 2014. Social responsibility initiatives are monitored by the social and ethics committee.

In 2013, CSI spend totalled R15,5 million (R5,6 million in 2012), of which approximately 60 per cent was invested in education and skills development. In order to achieve optimum benefit from CSI spend, Grindrod works with empowerment partner, Adopt-a-School Foundation, a non-profit organisation that supports the creation and enhancement of an environment in disadvantaged schools that is conducive to learning and teaching. The foundation follows an approach of measurable and sustainable adoption of five years of a school.

Over the past five years, Grindrod has contributed R6,0 million to the adopted King Shaka High School in Umlazi E Section. Large infrastructure investments in the school have been a science laboratory, a home economics centre, a computer laboratory, library and an administration block.

The King Shaka High School adoption initiative will be completed in the first half of 2014, with the conversion of two classrooms into a music centre, renovation of the school library, the provision of furniture and resources for the administration block, arts and music equipment and library books and resources.

The Grindrod investment yielded more than mere physical returns. Since the company's involvement, the matric pass rate has improved from 35 per cent in 2009 to 71 per cent in 2013. In addition, the quality of passes increased. More learners passed with Bachelors qualifications, and a large number of learners have received distinctions.

Grindrod has targeted two schools for adoption as from the 2014 financial year – the Hlahlindlela High School in the village of Kwa-Ngcolosi near the Inanda Dam Tourism Project, which has an unemployment rate of 70 per cent, and the Inhlakanipho High School in the township of KwaMashu. The budget for the schools project is approximately R15 million over five years.

Inhlakanipho is classified as dysfunctional, suffers from vandalism and is a hub for crime and drugs. The new principal managed to motivate learners to such an extent that the school achieved a matric pass rate of 44 per cent in 2012, a significant improvement from a maximum of 35 per cent since 2009.

The company also supported the construction of two classrooms at the Mbasela Primary School in Inanda during 2012/2013.

Other educational initiatives included school bursaries to black learners attending various schools in KwaZulu-Natal, a bursary scheme for employees' children and support of the READ Education Trust and PondoPedal in South Africa, and the Zizile Foundation.

The objective of the Zizile Foundation, founded by Graca Machel, is to contribute to the harmonious and integral development of Mozambican children, promoting the design and implementation of policies and programmes for early childhood development and education that are socially, culturally and linguistically appropriate.

Grindrod has supported the foundation by investing in a pilot project involving a number of community schools with the objective of establishing a development programme for pre-school children. This pilot project could become a working example as a reference to assist the foundation in its ultimate mission.

On a social level, Grindrod supports charities such as the National Sea Rescue Institute, the International Sailors Society, various HIV/Aids programmes and the Kingsley Holgate anti-malaria campaign in Mozambique.

Apart from the Logistics driver/subcontractor economic empowerment initiative, Grindrod supports:

- the Shanduka Black Umbrellas, a non-profit company that supports emerging black businesses;
- the African Port Sponsor Commonwealth Business Council in South Africa and Mozambique;
- National Business Initiative, a voluntary group of leading companies working towards sustainable growth and development in South Africa; and
- the KwaZulu-Natal Growth Coalition, a public-private partnership that aims to accelerate infrastructural development in KwaZulu-Natal.



PondoPedal supports local communities and schools – Grindrod CSI focus is education

Summarised consolidated annual financial statements



Stacker Reclaimer at Terminal de Carvão da Matola (TCM)



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summarised consolidated annual financial statements >>

Approval of the summarised consolidated annual financial statements

The preparation of the summarised consolidated annual financial statements that fairly represent the results of the group in accordance with the Companies Act and the basis of preparation is ultimately the responsibility of the board. The board also ensures an independent review of the financial statements by the external auditors. The board is of the opinion that the internal accounting control systems assure the adequate verification and maintenance of accountability for Grindrod's assets, and assure the integrity of the financial statements. No major breakdown in controls that could influence the reliability of the financial statements was experienced during 2013.

Based on the financial results of Grindrod and the cash flow forecast for the year ended 31 December 2014, and the application of solvency and liquidity tests, the board is further of the opinion that the Grindrod group has adequate resources to continue in operation for the foreseeable future. The annual financial statements were consequently prepared on a going concern basis.

Following the board meeting held on 25 February 2014, during which the board of directors approved the annual financial statements and further authorised Mr IAJ Clark and Mr AK Olivier, in their respective capacities as chairman and chief executive officer, to sign off the annual financial statements and the summarised consolidated annual financial statements derived therefrom. The summarised consolidated annual financial statements which appear on pages 124 to 131, are therefore signed on its behalf by:



IAJ Clark
Chairman

Durban
25 February 2014



AK Olivier
Chief Executive Officer

Durban
25 February 2014

Compliance statement by the group company secretary

The group company secretary of Grindrod Limited certifies that, in terms of section 88(2) of the Companies Act No 71 of 2008, as amended, the company has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act and that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2013.



Mrs CI Lewis
Group Company Secretary

Durban
25 February 2014



Preparation of the summarised consolidated annual financial statements

The preparation of the summarised consolidated annual financial statements for the year ended 31 December 2013, which appear on pages 124 to 131, has been supervised by the group financial director of Grindrod Limited, Mr AG Waller.

Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements and have been restated for adoption of applicable statements as well as reclassification of balances.

These summarised consolidated annual financial statements were approved by the board of directors on 25 February 2014.

Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the summarised consolidated annual financial statements are in terms of IFRS and are consistent with those of the consolidated annual financial statements for the year ended 31 December 2012.

Events after the reporting date

There are no material events post the reporting date to report.



AG Waller CA(SA)
Group Financial Director

Durban
25 February 2014

Independent auditors' report on the summary of financial statements

To the shareholders of Grindrod Limited

The summary consolidated financial statements of Grindrod Limited contained in the accompanying preliminary report, which comprise the summary consolidated statement of financial position as at 31 December 2013, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited annual consolidated financial statements of Grindrod Limited for the year ended 31 December 2013. We expressed an unmodified audit opinion on those annual consolidated financial statements in our report dated 25 February 2014. Our auditors' report on the audited annual consolidated financial statements contained an other matter paragraph "Other reports required by the Companies Act" (included below).

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited annual consolidated financial statements of Grindrod Limited.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council also, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited annual consolidated financial statements of Grindrod Limited for the year ended 31 December 2013 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 25 February 2014 states that as part of our audit of the consolidated financial statements for the year ended 31 December 2013, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

Deloitte & Touche

Deloitte & Touche

Registered auditors

Per CA Sagar

Partner

25 February 2014

National Executive: LL Bam (Chief Executive) AE Swiegers (Chief Operating Officer) GM Pinnock (Audit)
DL Kennedy (Risk Advisory) NB Kader (Tax) TP Pilay (Consulting) K Black (Clients & Industries)
JK Mazzocco (Talent & Transformation) CR Beukman (Finance) M Jordan (Strategy) S Gwala (Special Projects)
TJ Brown (Chairman of the Board) MJ Comber (Deputy Chairman of the Board)
Regional Leader: GC Brazier

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

summarised consolidated annual financial statements >> continued

Summarised consolidated statement of financial position

as at 31 December 2013

	Audited 31 December 2013 R000	Audited 31 December 2012 R000
Ships, property, terminals, vehicles and equipment	6 698 871	5 443 757
Investment property	–	33 826
Intangible assets	559 763	679 643
Investments in joint ventures*	3 616 166	1 829 276
Investments in associates	788 118	512 646
Deferred taxation	99 772	107 435
Other investments and derivative financial assets	493 161	325 888
Recoverables on cancelled ships	236 440	379 050
Total non-current assets	12 492 291	9 311 521
Loans and advances to bank customers	3 674 567	3 188 454
Liquid assets and short-term negotiable securities	1 044 432	626 378
Short-term loans	–	518 819
Bank balances and cash	6 076 314	4 226 367
Other current assets*	2 718 056	3 928 347
Non-current assets held for sale	2 416 467	273 615
Total assets	28 422 127	22 073 501
Shareholders' equity	12 036 428	10 114 356
Non-controlling interests	96 239	126 533
Total equity	12 132 667	10 240 889
Interest-bearing borrowings	1 973 390	2 028 392
Financial services funding instruments	1 082 986	813 947
Deferred taxation	144 426	147 004
Other non-current liabilities	110 810	108 037
Total non-current liabilities	3 311 612	3 097 380
Deposits from bank customers	8 014 890	4 661 346
Current interest-bearing borrowings	1 127 074	1 987 398
Financial services funding instruments	160 253	193 519
Other liabilities	1 460 392	1 741 914
Non-current liabilities associated with assets held for sale	2 215 239	151 055
Total equity and liabilities	28 422 127	22 073 501
* Restated due to reclassification of joint venture intercompany balances.		
Net worth per ordinary share – at book value (cents)	1 926	1 609
Net debt:equity ratio	0,21:1	0,07:1
Capital expenditure	2 020 953	1 209 563

	Audited 31 December 2013 R000	Audited 31 December 2013 US\$000	Audited 31 December 2012 R000	Audited 31 December 2012 US\$000
Capital commitments	184 978	57 711	309 666	42 207
Authorised by directors and contracted for	116 640	25 427	64 419	15 180
Due within one year	116 140	23 590	64 419	15 180
Due thereafter	500	1 837	–	–
Authorised by directors, not yet contracted for	68 338	32 284	245 247	27 027



The summarised consolidated annual financial statements have been included in this integrated annual report. The full set of consolidated annual financial statements is available on www.grindrod.co.za.



Summarised consolidated income statement

for the year ended 31 December 2013

	Audited 31 December 2013 R000	Audited 31 December 2012* R000
Revenue	15 662 026	27 262 223
Earnings before interest, taxation, depreciation and amortisation	886 690	929 904
Depreciation and amortisation	(463 112)	(412 430)
Operating profit before interest and taxation	423 578	517 474
Non-trading items	479 460	199 689
Interest received	129 961	206 941
Interest paid	(222 891)	(227 398)
Profit before share of joint venture and associate companies' profit	810 108	696 706
Share of joint venture companies' profit after taxation	545 132	340 029
Share of associate companies' profit after taxation	23 350	9 385
Profit before taxation	1 378 590	1 046 120
Taxation	(116 540)	(140 828)
Profit for the year	1 262 050	905 292
Attributable to:		
Ordinary shareholders	1 177 172	836 745
Preference shareholders	55 354	57 297
Owners of the parent	1 232 526	894 042
Non-controlling interests	29 524	11 250
	1 262 050	905 292
Exchange rates (R/US\$)		
Opening exchange rate	8,48	8,11
Closing exchange rate	10,55	8,48
Average exchange rate	9,67	8,22
Reconciliation of headline earnings		
Profit attributable to ordinary shareholders	1 177 172	836 745
Adjusted for:		
Impairment of goodwill	186 447	21 045
Impairment of other investment	64 530	11 208
Impairment of ships, intangibles, plant and equipment	58 992	178 648
Net profit on disposal of investments**	(87 655)	(410 245)
Net loss on disposal of plant and equipment	190	2 023
Negative goodwill realised	(3 937)	–
Foreign currency translation reserve recycled on cessation of operations following restructure	(698 028)	(33 965)
Joint ventures:		
Negative goodwill realised	(4 642)	–
Impairment of ships, plant and equipment	–	20 305
Total taxation effects of adjustments	8 747	(20 136)
Headline earnings	701 816	605 628
Ordinary share performance		
Number of shares in issue less treasury shares	(000s)	591 586
Weighted average number of shares (basic)	(000s)	591 109
Diluted weighted average number of shares	(000s)	593 665
Earnings per share:	(cents)	
Basic	199,1	141,8
Diluted	198,3	141,2
Headline earnings per share:	(cents)	
Basic	118,7	102,6
Diluted	118,2	102,2
Dividends per share:	(cents)	
Interim	37,1	32,9
Final	20,0	17,5
Dividend cover	(times)	17,1
		15,4
		4,3

* Restated due to application of IAS 19 Employee Benefits as amended. Net impact of R16,5 million on 2012 profit for the year.

** Restated due to compliance with the Headline Earnings Circular 2/2013.



Summarised consolidated statement of other comprehensive income

for the year ended 31 December 2013

	Audited 31 December 2013 R000	Audited 31 December 2012* R000
Profit for the year	1 262 050	905 292
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations		
Exchange differences arising during the year	1 618 579	263 750
Cash flow hedges	(1 038)	(7 204)
Business combination (acquisition)/release	(9 148)	5 998
Fair value loss arising on available-for-sale instruments	(25 029)	(25 000)
Reclassification of available-for-sale financial instruments	50 029	–
Items that will not be reclassified subsequently to profit and loss		
Actuarial gains*	8 579	16 521
Total comprehensive income for the year	2 904 022	1 159 357
Total comprehensive income attributable to:		
Owners of the parent	2 865 201	1 145 519
Non-controlling interests	38 821	13 838
	2 904 022	1 159 357

* Restated due to application of IAS 19 Employee Benefits as amended.

Summarised consolidated statement of cash flows

for the year ended 31 December 2013

	Audited 31 December 2013 R000	Audited 31 December 2012 R000
Operating profit before working capital changes	734 765	890 190
Working capital changes*	(86 937)	534 265
Cash generated from operations	647 828	1 424 455
Net interest paid	(92 930)	(20 457)
Net dividends paid	(173 870)	(215 472)
Taxation paid	(219 585)	(101 985)
	161 443	1 086 541
Net bank advances from customers and other short-term negotiables	2 465 696	667 876
Net cash flows generated from operating activities before ship sales and purchases	2 627 139	1 754 417
Refund on ships under construction cancelled	197 248	16 846
Proceeds on disposal of ships	306 061	–
Capital expenditure on ships	(406 251)	(242 372)
Net cash flows generated from operating activities	2 724 197	1 528 891
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	(1 463 632)	(949 300)
Acquisition of other investments	(171 056)	(95 046)
Proceeds from disposal of property, terminals, vehicles, equipment and investments	160 889	499 936
Intangible assets acquired	(63 162)	(17 891)
Proceeds from disposal of intangible assets	175	–
Loans advanced to/(from) joint ventures and associate companies*	100 074	(74 986)
Acquisition of additional investments in subsidiaries, joint ventures and associates	(107 451)	–
Net cash flows utilised in investing activities	(1 544 163)	(637 287)
Net proceeds from issue of ordinary share capital	11 737	7 839
Proceeds from disposal of treasury shares	–	2 989
Long-term interest-bearing debt raised	811 560	1 432 603
Payment of capital portion of long-term interest-bearing debt	(720 807)	(834 015)
Short-term interest-bearing debt raised/(repaid)*	571 560	(126 514)
Net cash flows generated from financing activities	674 050	482 902
Net increase in cash and cash equivalents	1 854 084	1 374 506
Cash and cash equivalents at beginning of the year	4 250 250	2 901 050
Difference arising on translation	27 169	(25 306)
Cash and cash equivalents at end of the year	6 131 503	4 250 250

* Restated due to reclassification of joint venture intercompany balances.

Summarised consolidated statement of changes in equity

for the year ended 31 December 2013

	Audited 31 December 2013 R000	Audited 31 December 2012 R000
Share capital and share premium	2 036 992	2 025 255
Balance at beginning of the year	2 025 255	2 014 427
Share options exercised	11 737	7 839
Treasury shares sold	–	2 989
Preference share capital	2	2
Balance at beginning of the year	2	2
Equity compensation reserve	50 551	42 126
Balance at beginning of the year	42 126	37 947
Share-based payments	8 425	4 179
Foreign currency translation reserve	1 916 514	1 005 260
Balance at beginning of the year	1 005 260	744 098
Foreign currency translation realised	(698 028)	–
Foreign currency translation adjustments	1 609 282	261 162
Other non-distributable reserves	(23 151)	(37 965)
Balance at beginning of the year	(37 965)	(11 759)
Fair value adjustment of available-for-sale financial instrument	(25 029)	(25 000)
Reclassification of available-for-sale investments	50 029	–
Cash flow hedge	(1 038)	(7 204)
Business combination release	(9 148)	5 998
Movement in accumulated profit	8 055 520	7 079 678
Balance at beginning of the year	7 079 678	6 432 054
Business disposals	–	(31 160)
Actuarial gains*	8 579	16 521
Profit for the year	1 232 526	894 042
Ordinary dividends paid	(209 909)	(174 482)
Preference dividends paid	(55 354)	(57 297)
Total interest of shareholders of the company	12 036 428	10 114 356
Equity attributable to non-controlling interests of the company	96 239	126 533
Balance at beginning of the year	126 533	94 336
Foreign currency translation adjustments	9 297	2 588
Business (disposals)/acquisitions	(54 502)	23 397
Non-controlling interest acquired	–	2 849
Profit for the period	29 524	11 250
Dividends paid	(14 613)	(7 887)
Total equity attributable to shareholders of the company	12 132 667	10 240 889

* Restated due to application of IAS 19 Employee Benefits as amended.

Segmental analysis

for the year ended 31 December 2013

	Audited 31 December 2013 R000	Audited 31 December 2012* R000
Revenue		
Freight Services	5 027 536	3 929 411
Trading	22 415 085	27 074 222
Shipping	4 319 093	4 009 832
Financial Services	370 790	252 686
Group	2 488	911
	32 134 992	35 267 062
Segmental adjustments**	(16 472 966)	(8 004 839)
	15 662 026	27 262 223
Earnings before interest, taxation, depreciation and amortisation		
Freight Services	1 169 332	770 044
Trading	(93 283)	258 660
Shipping	570 617	311 759
Financial Services	156 138	127 702
Group	(41 689)	(37 925)
	1 761 115	1 430 240
Segmental adjustments**	(874 425)	(500 336)
	886 690	929 904
Operating profit/(loss) before interest and taxation		
Freight Services	907 811	550 133
Trading	(109 522)	241 815
Shipping	235 564	68 523
Financial Services	154 456	126 380
Group	(45 518)	(41 557)
	1 142 791	945 294
Segmental adjustments**	(719 213)	(427 820)
	423 578	517 474
Share of associate companies' profit/(loss) after taxation		
Freight Services	12 948	10 200
Trading	10 402	(815)
	23 350	9 385
Profit/(loss) attributable to ordinary shareholders		
Freight Services	652 483	793 540
Trading	(322 626)	113 546
Shipping	760 845	(167 284)
Financial Services	92 254	65 145
Group	(5 784)	31 798
	1 177 172	836 745

* Restated due to application of IAS 19 Employee Benefits as amended. Net impact of R16,5 million on 2012 profit for the year.

** Joint venture earnings are reviewed together with subsidiaries by the key decision maker. Segmental adjustments relate to joint ventures necessary to reconcile to IFRS presentation.

Summarised consolidated notes

for the year ended 31 December 2013

Business combinations

Acquisition of subsidiaries, joint ventures and associates

During the year, the group acquired the following interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2013	Purchase consideration R000
Oiltanking Grindrod Calulo (OTGC) Holdings				
Proprietary Limited	Liquid-bulk storage and trading	38	1 June	14 507
Grindrod Fuelogic Mozambique Limitada	Petrologistics	70	1 August	31 177
Property Index Tracker Managers				
Proprietary Limited	Financial services	100	26 August	4 191
Senwes Limited	Agricultural business	20	5 September	447 268
NWK Limited	Agricultural business	20	20 September	230 348
RACEC Group Limited	Engineering	75	1 November	27 557
United Refineries Limited	Toll crushing	51	31 December	26 375
Total purchase consideration				781 423

Reasons for acquisitions

The primary reasons for the business acquisitions were to expand Grindrod's presence into new markets and geographical areas and to acquire outstanding non-controlling interests to consolidate Grindrod's position.

Impact of the acquisitions on the results of the group

From the dates of their acquisition, the acquired businesses contributed attributable profit of R16,7 million.

Net assets acquired in the subsidiaries' transactions and the goodwill/intangible assets arising, are as follows:

Net assets acquired	Acquirees' carrying amount before combination at fair value R000
Property, plant and equipment	86 578
Intangibles	16 205
Investments	27 635
Taxation	(5 695)
Working capital	(80 859)
Cash and bank	(20 328)
Non-controlling interest	25 269
Long-term liabilities	(39 523)
Deferred taxation	8 980
Total	18 262
Goodwill and intangible assets arising on acquisition	85 545
Cash acquired	20 328
Purchase consideration relating to associate	677 616
	801 751

The goodwill arising on the acquisition of these businesses is attributable to the anticipated profitability of these businesses and synergies expected.

Disposal of subsidiaries, joint ventures and associates

During the year the group disposed of the following interests:

Company disposed	Nature of business	Percentage disposed	Interest disposed 2013	Disposal consideration R000
East Coast Maritime Proprietary Limited	Clearing and forwarding	50	1 March	1 933
King and Sons Namibia Proprietary Limited	Clearing and forwarding, ships agency and stevedoring	100	1 April	11 029
Grindrod Tank Terminals, a division of Grindrod South Africa Proprietary Limited	Liquid bulk	100	1 June	92 897
Oreport Proprietary Limited	Trading	75	18 December	30 000
Total disposal consideration				135 859

Reason for disposals

The primary reason for the disposals was to introduce strategic partners or to rationalise operations to assist in the delivery of the group's long-term goals.

Net assets disposed	Fair value R000
Property, plant and equipment	10 620
Intangibles	20
Interest in joint venture companies	(24 220)
Investments	5 403
Taxation	(605)
Working capital	31 453
Cash and bank	26 451
Long-term liabilities	(13 501)
Short-term borrowings	(1 992)
Deferred taxation	14 576
Total	48 205
Profit on disposal	87 654
	135 859

Contingent assets/liabilities

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R7 941 355 000 (2012: R6 422 946 000) of which R4 629 690 000 (2012: R3 104 728 000) had been utilised at year-end.

The company guaranteed charter-hire payments and other guarantees of subsidiaries amounting to R1 194 376 000 (2012: R1 524 356 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2014 to 2022.

On the establishment of a joint venture through contribution of businesses, both joint venture parties have agreed to compensate one another should targets not be achieved. At reporting date, the achievability of these targets was undetermined.

Leases and ship charters

	Audited 31 December 2013 R000	Audited 31 December 2012 R000
Operating leases and ship charters		
Income	486 911	736 267
Expenditure	3 788 193	2 652 727
Finance lease liabilities	54 478	75 861

Shareholders' information



Grindrod Fuelogic Road tanker



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shareholders' information >>

Share analysis of ordinary shareholders

as at 31 December 2013

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	13 539	74,65	24 173 371	4,02
5 001 to 10 000 shares	2 166	11,94	16 366 147	2,73
10 001 to 50 000 shares	1 873	10,33	39 606 463	6,59
50 001 to 100 000 shares	226	1,24	16 591 180	2,76
100 001 shares and over	333	1,84	504 028 153	83,90
	18 137	100,00	600 765 314	100,00
Non-public shareholders				
Directors of the company	11	0,06	9 843 150	1,69
Treasury stock	10	0,05	9 179 348	1,53
Strategic holdings	5	0,03	276 416 988	46,01
Public shareholders	18 111	99,86	305 325 828	50,77
	18 137	100,00	600 765 314	100,00
Investor profile				
Banks	72	0,40	36 012 165	5,99
Close corporations	228	1,26	5 689 275	0,95
Endowment funds	115	0,63	3 105 054	0,52
Individuals	13 838	76,30	91 636 439	15,25
Insurance companies	22	0,12	9 581 210	1,59
Investment companies	27	0,15	7 459 699	1,24
Medical schemes	10	0,05	382 335	0,06
Mutual funds	182	1,00	79 413 532	13,22
Nominees and trusts	2 944	16,23	39 146 317	6,52
Other corporations	102	0,56	406 662	0,07
Private companies	449	2,48	90 726 908	15,10
Public companies	14	0,08	148 310 499	24,69
Retirement funds	134	0,74	88 895 219	14,80
	18 137	100,00	600 765 314	100,00
Geographical breakdown				
South Africa	17 813	98,21	529 182 524	88,08
United States of America and Canada	59	0,33	44 608 899	7,43
United Kingdom	83	0,46	20 312 776	3,38
Rest of Europe	47	0,26	3 482 658	0,58
Rest of the World	135	0,74	3 178 457	0,53
	18 137	100,00	600 765 314	100,00
Beneficial shareholders holding 5% or more				
Remgro			147 767 261	24,60
Grindrod Investments Proprietary Limited (Grindrod family)			67 322 864	11,20
Government Employees' Pension Fund			61 326 863	10,21
			276 416 988	46,01
Top 10 Fund Managers				
Public Investment Corporation			55 350 130	9,21
Dimensional Fund Advisors			20 161 358	3,36
Investec Asset Management			15 178 559	2,53
Oasis Asset Management			14 315 329	2,38
The Vanguard Group, Inc.			11 177 605	1,86
Coronation Fund Managers			10 457 538	1,74
Old Mutual Investment Group			8 728 189	1,45
Mergence Investment Managers			6 731 137	1,12
Ford Asset Management			6 100 332	1,02
PSG Asset Management			6 012 487	1,00
			154 212 664	25,67

**Share analysis of cumulative, non-redeemable, non-participating,
non-convertible preference shares**

as at 31 December 2013

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	2 168	89,59	2 984 937	40,34
5 001 to 10 000 shares	137	5,66	992 771	13,41
10 001 to 50 000 shares	101	4,17	1 835 771	24,81
50 001 to 100 000 shares	9	0,37	641 640	8,67
100 001 shares and over	5	0,21	944 881	12,77
	2 420	100,00	7 400 000	100,00
Non-public shareholders	1	0,04	18 547	0,25
Public shareholders	2 419	99,96	7 381 453	99,75
	2 420	100,00	7 400 000	100,00
Investor profile				
Banks	1	0,04	2 087	0,03
Close corporations	26	1,07	54 242	0,73
Endowment funds	22	0,91	62 225	0,84
Individuals	1 654	68,35	3 226 776	43,61
Insurance companies	8	0,33	76 876	1,04
Investment companies	5	0,21	61 392	0,83
Medical schemes	3	0,12	11 863	0,16
Mutual funds	34	1,41	1 285 634	17,37
Nominees and trusts	574	23,72	1 751 733	23,67
Other corporations	12	0,50	101 068	1,37
Private companies	69	2,85	541 418	7,32
Public companies	3	0,12	185 860	2,51
Retirement funds	9	0,37	38 826	0,52
	2 420	100,00	7 400 000	100,00
Geographical breakdown				
South Africa	2 395	98,97	7 337 675	99,16
United States of America and Canada	2	0,08	6 100	0,08
United Kingdom	6	0,25	14 337	0,19
Rest of Europe	6	0,25	11 899	0,16
Rest of the World	11	0,45	29 989	0,41
	2 420	100,00	7 400 000	100,00

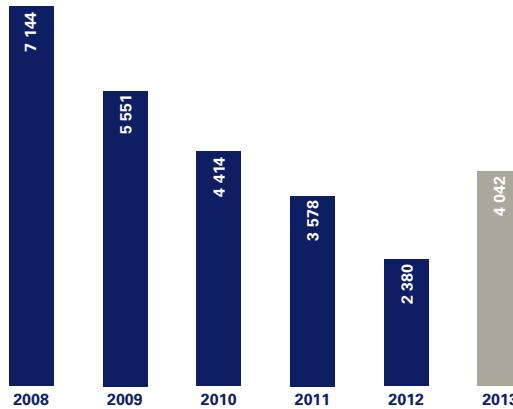
Share performance

for the year ended 31 December 2013

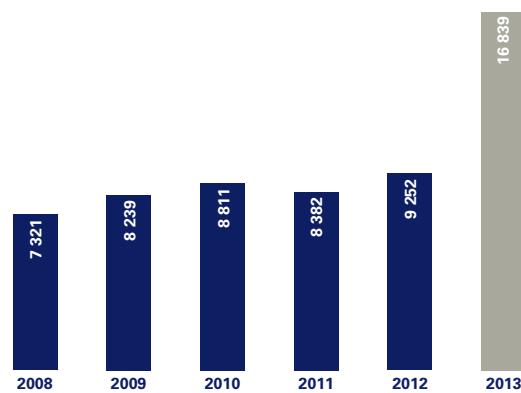
		2013 Ordinary	2013 Preference	2012 Ordinary	2012 Preference
Market price per share					
Opening	(cents)	1 580	9 125	1 400	9 720
Year-end	(cents)	2 803	9 350	1 585	9 150
Highest	(cents)	2 875	9 400	1 585	10 010
Lowest	(cents)	1 580	8 501	1 270	9 000
Number of shares	(000)	591 586	7 400	590 486	7 400
– in issue	(000)	600 765	7 400	599 665	7 400
– treasury	(000)	(9 179)	–	(9 179)	–
Number of transactions recorded	(000)	96 250	3 339	53 488	1 920
Number of shares traded	(000)	191 329	1 838	163 690	1 505
Volume of shares traded as a percentage of total issued shares	(%)	31,8	24,8	27,3	20,3
Value of shares traded	(R'000)	4 042 148	165 288	2 380 166	141 329
Market capitalisation	(R'000)	16 839 452	691 900	9 252 274	677 100
PE ratio	(%)	14,1			11,2*
Dividend yield	(%)	1,3			2,1
Earnings yield	(%)	7,1			8,9

* Restated.

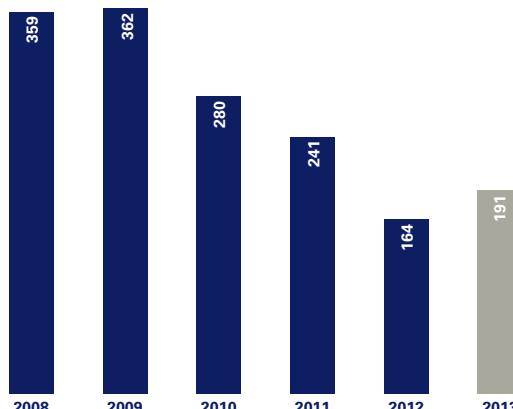
Value of ordinary shares traded (Rm)



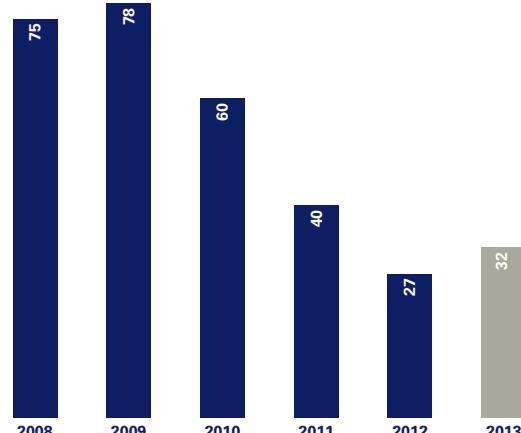
Market capitalisation of ordinary shares (Rm)



Volume of ordinary shares traded (Million)

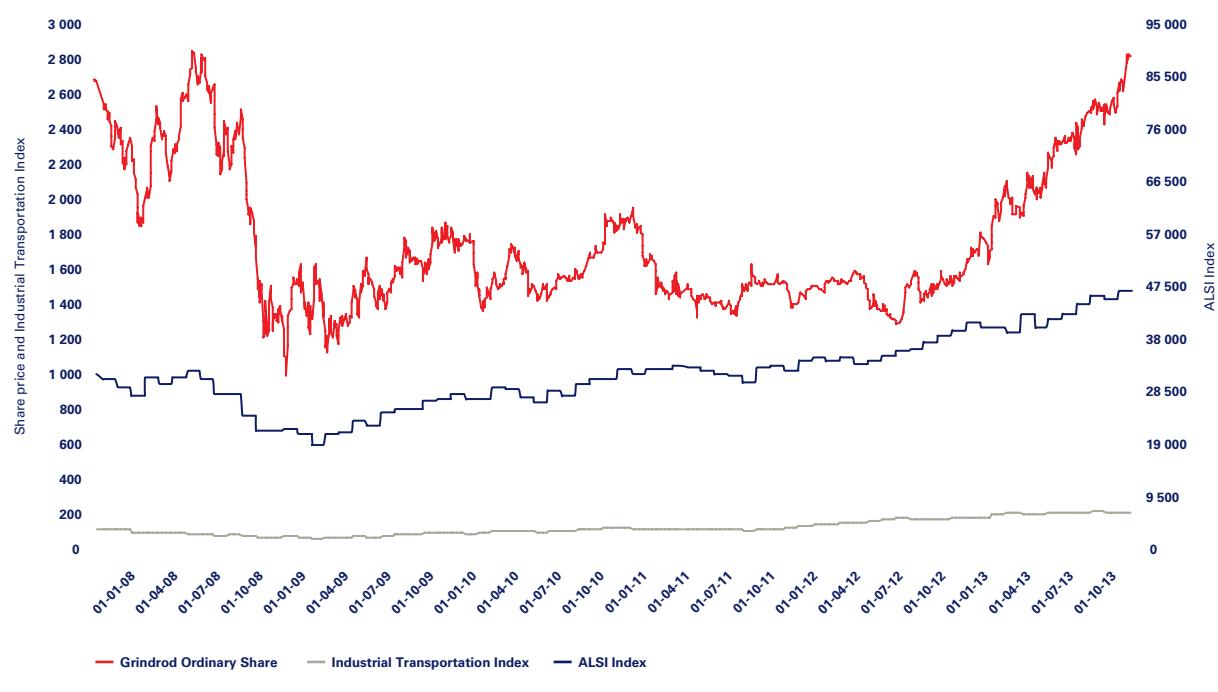


Volume traded/total issued ordinary shares (%)



2011 Ordinary	2011 Preference	2010 Ordinary	2010 Preference	2009 Ordinary	2009 Preference	2008 Ordinary	2008 Preference
1 895	10 375	1 778	9 700	1 530	8 600	2 300	10 900
1 400	9 720	1 895	10 375	1 778	9 700	1 530	8 600
1 939	10 400	1 910	10 700	1 870	9 900	2 886	10 900
1 250	9 050	1 350	9 400	1 115	8 600	943	8 600
589 536	7 400	455 802	7 400	454 203	7 400	420 252	7 400
598 715	7 400	464 981	7 400	463 382	7 400	478 476	7 500
(9 179)	–	(9 179)	–	(9 179)	–	(28 224)	(100)
79 713	1 891	82 968	2 942	95 473	1 505	98 692	1 381
240 887	1 616	279 898	901	361 749	1 132	358 554	1 616
40,2	21,8	60,2	12,2	78,1	15,3	74,9	21,5
3 577 810	153 251	4 413 777	90 580	5 551 232	104 702	7 144 093	156 833
8 382 014	719 280	8 811 408	767 750	8 238 932	717 800	7 320 700	645 000
12,6		11,0*		9,2		3,2	
2,1		2,8		3,4		8,9	
7,9		9,6		10,9		31,1	

Grindrod share price vs ALSI and Industrial Transportation Indices



Notice of annual general meeting

Notice is hereby given that the forty-seventh annual general meeting of Grindrod Limited (the company) will be held in the boardroom, 1st Floor, Quadrant House, 115 Margaret Mncadi Avenue, Durban on Wednesday, 28 May 2014 at 14:00 for the purpose of considering and if deemed fit, passing with or without modification, according to the requirements of the Companies Act (the Act), as read with the JSE Listings Requirements, the ordinary and special resolutions as set out below.

The minutes of the meeting held on 29 May 2013 are available for inspection at the registered office of the company until 16:00 on 27 May 2014.

1. Presentation of annual financial statements and reports

- 1.1 To present the audited annual financial statements for the year ended 31 December 2013, together with the reports of the audit committee, the directors and the auditors.

The summarised consolidated annual financial statements for 2013 are set out on pages 123 to 131 of the integrated annual report. A copy of the full audited annual financial statements is available on the company's website at www.grindrod.co.za.



- 1.2 To present the report of the social and ethics committee, set out on pages 90 to 91 of the integrated annual report.

2. Ordinary resolutions

2.1 Ordinary resolution 2.1: Re-election of directors retiring by rotation

To vote on the re-election, each by way of a separate vote, of the following directors who are required to retire by rotation in accordance with article 5.1(8) of the memorandum of incorporation (MOI) and being eligible, offer themselves for re-election:

- 2.1.1 JJ Durand
2.1.2 MR Faku
2.1.3 SDM Zungu

The remuneration and 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 the assessments. Accordingly, the board recommends their re-election to shareholders.

Brief CVs of the directors are provided on pages 76 to 81 of the integrated annual report.



2.2 Ordinary resolution number 2.2: Confirmation of appointment of directors appointed by the board since the previous annual general meeting

To, in accordance with article 5.1(5) of the MOI, confirm, each by way of a separate vote, the appointment of the following directors, appointed by the board since the previous annual general meeting:

- 2.2.1 PJ Uys
2.2.2 NL Sowazi

The remuneration and nomination committee has assessed the eligibility of PJ Uys and the board accepts the results of the assessment. Accordingly, the board recommends the election of PJ Uys to shareholders. Since NL Sowazi was appointed on 25 February 2014, on the recommendation of the remuneration and nomination committee, the board also recommends the election of NL Sowazi to shareholders.

Brief CVs of the directors are provided on pages 76 to 81 of the integrated annual report.

2.3 Ordinary resolution number 2.3: Re-election of member and appointment of chairman of the audit committee

To vote on the re-election of IM Groves, an independent non-executive director of the company, as a member of the audit committee and his appointment as the chairman of the committee, until the end of the next annual general meeting of the company.



A brief CV of the director is provided on pages 76 to 81 of the integrated annual report.

2.4 Ordinary resolution number 2.4: Re-election of members of the audit committee

To vote on the re-election in terms of section 94 of the Act, each by way of a separate vote, the following independent non-executive directors as members of the audit committee to hold office until the end of the next annual general meeting:

- 2.4.1 WD Geach
2.4.2 GG Gelinck

Brief CVs of the audit committee members are provided on pages 76 to 81 of the integrated annual report.



2.5 Ordinary resolution number 2.5: Re-appointment of independent auditors and re-appointment of designated audit partner

To vote, each by way of separate vote, on:

2.5.1 the re-appointment of Deloitte & Touche as independent auditors of the company, to hold office until the next annual general meeting

2.5.2 the re-appointment of CA Sagar as designated audit partner, to hold office until the next annual general meeting

The audit committee nominated Deloitte & Touche to be independent auditors of the company and CA Sagar to be designated audit partner and accordingly recommends that Deloitte & Touche and CA Sagar be appointed as independent auditors and designated audit partner, respectively.

3. Special resolutions

3.1 Special resolution number 3.1: Approval of non-executive directors' fees

That the fees payable to the non-executive directors of the company, members and chairmen of board committees for the year 1 July 2013 to 30 June 2014, as set out below, be approved.

	Member/Directors/Chairman	Present	Proposed
Board of directors	Chairman	R700 000	R750 000
	Non-executive director	R225 000	R241 000
Audit committee	Chairman	R180 000	R193 000
	Member	R100 000	R107 000
Remuneration and nomination committee	Chairman	R100 000	R107 000
	Member	R55 000	R59 000
Social and ethics committee	Chairman	R84 000	R90 000
	Member	R50 000	R54 000

The remuneration and nomination committee evaluated the fees for non-executive directors of the company, and members and chairmen of board committees based on comprehensive comparative studies of identified listed companies within relevant industries as conducted by expert consultants. Factors such as the increased responsibilities of non-executive directors as a result of more stringent legal and corporate governance requirements and market trends were taken into consideration when the remuneration and nomination committee recommended the above fees to the board. The board accepted the recommendations of the committee and accordingly recommends the above fees for approval by the shareholders in terms of section 66(9) of the Act.

3.2 Special resolution number 3.2: General authority to provide financial assistance in terms of section 44

That, as a general approval, the directors of the company be and they are hereby authorised, subject to provisions of section 44 of the Act, to provide at any time, and from time to time, financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purpose of any securities of the company or a related or inter-related company, provided that the board has applied the solvency and liquidity tests as set out in section 4 of the Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company, for a period of two years.

3.3 Special resolution number 3.3: General authority to provide financial assistance in terms of section 45

That, as a general approval, the directors of the company be and they are hereby authorised, subject to the provisions of the Act, and more specifically section 45 of the Act, the JSE Listings Requirements, and any other applicable laws that may exist from time to time, to provide at any time and from time to time any direct or indirect financial assistance to a director or prescribed officer of the company or of a related or inter-related company, or to any one or more related or inter-related companies or corporations of the company and/or to any one or more directors or prescribed officers of the company or a related or inter-related company related to any such company or corporation, for a period of two years.

3.4 Special resolution number 3.4: Repurchase of the company's ordinary shares

That, as a general approval, the directors of the company be and they are hereby authorised, subject to the provisions of section 48 read with section 46 of the Act and of the JSE Listings Requirements, to approve the repurchase by the company of its own ordinary shares, and the repurchase of ordinary shares in the company by any of its subsidiaries, upon such terms and conditions and in such amounts as the board may from time to time determine, provided that:

- (i) the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- (ii) this general authority shall only be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 months from the date of passing of this special resolution;



Notice of annual general meeting continued

- (iii) in determining the price at which the company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10 per cent of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date on which the transaction is effected;
- (iv) the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20 per cent of the company's issued ordinary share capital;
- (v) the company may only effect the repurchase once a resolution has been passed by the board confirming that the board has authorised the repurchase, that immediately after the repurchase the company would satisfy the solvency and liquidity tests, and that since this was done there have been no material changes to the financial position of the group;
- (vi) the company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in section 3.67 of the JSE Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- (vii) an announcement, containing full details of acquisitions in accordance with section 5.79 of the JSE Listings Requirements, will be published once the company has cumulatively repurchased three per cent of the number of the ordinary shares in issue at the time this general authority is granted (initial number), and for each three per cent in aggregate of the initial number acquired thereafter; and
- (viii) at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf.

Adequacy of working capital

At any time that the repurchase contemplated in this resolution is to take place, the board will ensure that, after considering the effect of the maximum repurchase and for a period of 12 months thereafter:

- (i) the company and the group will be able to pay their debts as they become due in the ordinary course of business for the period of 12 months after the date of notice of the annual general meeting;
- (ii) 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 for the period of 12 months after the date of notice of the annual general meeting;
- (iii) the issued share capital and reserves of the company and the group will be adequate for the purpose of the ordinary business of the company and the group for the period of 12 months after the date of notice of the annual general meeting; and
- (iv) 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.

4. Non-binding advisory vote

4.1 Confirmation of the group remuneration policy

That, as a non-binding advisory vote, the group's remuneration policy as set out in the remuneration report on page 95 of the integrated annual report be and is hereby confirmed.



In terms of the King Report on Governance for South Africa, 2009 (King III), an advisory vote should be put to the shareholders relating to the group remuneration policy. The vote allows the shareholders to express their views on the remuneration policy adopted and implemented, but is not binding on the company.

Other business

To transact such other business as may be required at this annual general meeting.

Record dates

The record date for purposes of determining which shareholders are entitled to receive this notice is Thursday, 20 March 2014.

The record date for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the annual general meeting is Friday, 23 May 2014. Accordingly, the last date to trade in order to be eligible to attend and vote at the annual general meeting is Friday, 16 May 2014. Forms of proxy for the annual general meeting are to be lodged by 14:00 on Monday, 26 May 2014.

Preference shareholders

Preference shareholders are entitled to receive copies of correspondence related to all shareholder meetings. In respect of the annual general meeting to be held on Wednesday, 28 May 2014, preference shareholders are entitled to attend the meeting and to vote together with ordinary shareholders in respect of special resolution number 3.4 regarding renewal of the authority of directors to repurchase shares.

Voting and proxies

The minimum percentage of voting rights that is required for the adoption of each ordinary resolution is more than 50 per cent of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting.

The minimum percentage of voting rights that is required for the adoption of each special resolution is at least 75 per cent of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting.

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. The attached form of proxy is only to be completed by those ordinary shareholders who hold ordinary shares in certificated form or are recorded in the sub-register in "own-name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own-name" registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation to attend the annual general meeting in person or proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy and vote, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

A form of proxy must be lodged with the share transfer secretaries of the company, Computershare Investor Services Proprietary Limited, not less than 48 (forty-eight) hours before the time set for the meeting. Completion of a form of proxy will not preclude a member from attending the meeting.

Electronic participation by shareholders

In terms of section 61(10) of the Companies Act every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Grindrod shareholders wishing to participate electronically in the annual general meeting are required to deliver written notice to the company at Quadrant House, First Floor, 115 Margaret Mncadi Avenue, Durban, 4001 (marked for the attention of Mrs CI Lewis) by no later than 10:00 on 26 May 2014 that they wish to participate via electronic communication at the annual general meeting (the "electronic notice"). In order for the electronic notice to be valid it must contain: (a) if the shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the annual general meeting via electronic communication; and (c) a valid e-mail address and/or facsimile number (the "contact address/number"). By no later than 24 hours before the time for the annual general meeting the company shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid electronic notice of the relevant details through which the shareholder can participate via electronic communication.

In terms of section 63(1) of the Act, meeting participants need to provide satisfactory identification.

By order of the board

Grindrod Limited

Mrs CI Lewis

Group Company Secretary

Durban

24 March 2014

shareholders' information >> continued

Shareholders' diary

Financial year-end	31 December 2013
Financial results – publication dates	27 February 2014
Annual financial statements	March 2014
Annual general meeting	28 May 2014
Interim report	August 2014



Form of proxy

Grindrod Limited
 (Incorporated in the Republic of South Africa)
 Registration number 1966/009846/06
 Share code: GND and GNPD
 ISIN: ZAE000072328 and ZAE000071106
 (the company)

For use in respect of the forty-seventh annual general meeting of the company by certificated shareholders or of dematerialised shareholders with own-name registration.

Holders of dematerialised ordinary shares, other than those with own-name registration, must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP to issue them with the necessary letter of representation. If they do not wish to attend the annual general meeting in person, they should provide their CSDP with their voting instructions.

I/We	(full name in block letters)	
of	(address in block letters)	
being the registered holder/s of	ordinary shares and	preference shares in the capital of the company
do hereby appoint		
1.	of	or failing him/her,
2.	of	or failing him/her,

or, failing him/her, the chairman of the meeting as my/our proxy to attend, speak and vote on my/our behalf at the annual general meeting of the company to be held on Wednesday, 28 May 2014, at 14:00 in the boardroom, 1st Floor, Quadrant House, 115 Margaret Mncadi Avenue, Durban, South Africa and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such meeting.

Please indicate how you wish your proxy to vote by placing a cross ("X") in the box which applies:

	For	Against	Abstain
Ordinary resolution no. 2.1 : Re-election of directors retiring by rotation			
2.1.1 – JJ Durand			
2.1.2 – MR Faku			
2.1.3 – SDM Zungu			
Ordinary resolution no. 2.2 : Confirmation of appointment of newly appointed directors			
2.2.1 – PJ Uys			
2.2.2 – NL Sowazi			
Ordinary resolution no. 2.3 : Re-election of member and appointment of chairman of the audit committee – IM Groves			
Ordinary resolution no. 2.4 : Re-election of members of the audit committee			
2.4.1 – WD Geach			
2.4.2 – GG Gelink			
Ordinary resolution no. 2.5 : Re-appointment of independent auditors and re-appointment of designated audit partner			
2.5.1 – Re-appointment of Deloitte & Touche as independent auditors			
2.5.2 – Re-appointment of CA Sagar as designated audit partner			
Special resolution no. 3.1 : Approval of non-executive directors' fees			
Special resolution no. 3.2 : General authority to provide financial assistance in terms of section 44 of the Act			
Special resolution no. 3.3 : General authority to provide financial assistance in terms of section 45 of the Act			
Special resolution no. 3.4 : Repurchase of the company's ordinary shares			
Non-binding advisory vote 4.1 : Confirmation of the group remuneration policy			

Date:

Signature:

Please read the notes and instructions overleaf.

Notes to the form of proxy

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
2. In accordance with the company's MOI, voting shall be by poll only.
3. Please indicate with an "X" in the appropriate spaces overleaf how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain at his/her discretion.

Instructions on signing and lodging the form of proxy

1. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.
3. When there are joint holders of shares, any one holder may sign the form of proxy. In the event of any dispute, the first name appearing in the register shall be taken as the shareholder.
4. The chairman of the meeting shall be entitled to decline to accept the authority of a person signing the proxy form:
 - (a) under a power of attorney; or
 - (b) on behalf of a company;unless that person's power of attorney or authority is deposited at the offices of the company's share transfer secretaries not less than 48 (forty-eight) hours before the meeting, together with the form of proxy.
5. The completion and lodging of this form of proxy will not preclude the member who grants this proxy from attending the meeting and speaking and voting in person thereto to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
6. Completed forms of proxy should be lodged at or posted to the company's share transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), South Africa, so as to reach them not later than 48 (forty-eight) hours before the time set for the holding of the meeting.

Abbreviations

Abbreviation	Definition
ATM	Automated teller machine
B-BBEE	Broad-Based Black Economic Empowerment
BCI	Baltic capesize index
BDI	Baltic dry index
BHSI	Baltic handysize index
BPI	Baltic panamax index
BSI	Baltic supramax index
CO ₂	Carbon dioxide
CO ₂ e	Carbon dioxide equivalent
CDP	Carbon Disclosure Project
CEO	Chief executive officer
CFO	Chief financial officer
CFM	Ports and Railway Company of Mozambique
CIO	Chief information officer
COA	Contract of affreightment
company	Grindrod Limited
CPS	Cash payment services
CSDP	Central Securities Depository Participant
CSI	Corporate social investment
DP World	Dubai Ports World
DRC	Democratic Republic of Congo
dti	Department of Trade and Industry (South Africa)
DWT	Deadweight tonne
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMS	Environmental management system
ETF	Exchange-traded fund
FEC	Forward exchange contract
FFA	Forward freight agreement
FSB	Financial Services Board
FSP	Forfeitable share plan
FTE	Full time equivalent
GDP	Gross domestic product
GHG	Greenhouse gas
GHG C	Greenhouse gas carbon
GOLD	Graduate Opportunity and Leadership Development (Programme)
GRI	Global Reporting Initiative
Grindrod	Grindrod Limited
HDSA	Historically disadvantaged South African
HIV/Aids	Human immunodeficiency virus/acquired immune deficiency syndrome
HR	Human resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMBS	Iron Mineral Beneficiation Services
IMO	International Maritime Organisation
IRR	Internal rate of return
<IR>	Integrated reporting
ISAE	International Standard on Assurance Engagements
ISO	International Standards Organisation
IT	Information Technology
IVS	Island View Shipping
JSE	Johannesburg Securities Exchange Limited
KING III	The King Report on Governance for South Africa 2009
km	Kilometre
KPI	Key performance indicator
kWh	Kilowatt hour
LTI	Lost-time injury
LTIFR	Lost-time injury frequency rate
MARPOL	International Convention for the Prevention of Pollution from Ships
MOGS	Mining Oil and Gas Services
MOI	Memorandum of incorporation

shareholders' information >> continued

Abbreviations continued

Abbreviation	Definition
MOL	Mitsui O.S.K Lines
MPDC	Maputo Port Development Company
MR	Medium-range
NERSA	National Energy Regulator of South Africa
NLP	New Limpopo Bridge Projects Limited
NLPI	NLPI Limited
NM	Nautical mile
NOx	Nitrogen oxide
NQF	National Qualifications Framework
OACL	Ocean Africa Container Lines
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational health and safety
OHSAS	Occupational health and safety management system
OTGC	Oiltanking Grindrod Calulo
PMBOK	Project management body of knowledge
PMO	Project Management Office
PRINCE II	Projects In Controlled Environments II
SAICA	South African Institute of Chartered Accountants
SAMSA	South African Maritime Safety Authority
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
SED	Social and economic development
SHEQ	Safety, health, environment and quality
SOP	Standard operating procedure
SOx	Sulphur oxide
SRI	Social responsibility investment (index)
TCE	Time charter equivalent
TCM	Terminal de Carvão da Matola
TCOE	Total cost of employment
TETA	Transport Education and Training Authority
TEU	Twenty-foot equivalent unit
The Companies Act	The Companies Act, No 71 of 2008 (South Africa)
UAE	United Arab Emirates
UN	United Nations
UNICORN	Unicorn Shipping
USA	United States of America
US\$	United States dollar

Terms and expressions

Backhaul

Routes which are against the standard flow of traffic, i.e. loading in a port situated in what is usually a discharge area, and discharging in a port situated in what is usually a loading area.

Ballast

The period of time during which a ship performs a voyage without cargo on board.

Baltic capesize index (BCI)

The BCI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 172 000 dwt vessel and maximum 10 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 forward freight agreements (FFAs).

Baltic dry index (BDI)

The BDI is published every London working day by the Baltic Exchange, which collates information for handysize, supramax, panamax and capesize vessels to create this lead freight market indicator.

Baltic handysize index (BHSI)

The BHSI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 28 000 dwt vessel with 30 MT cranes and maximum 15 years of age. The index is also published on the basis of a time charter return and is used to determine the value of the trading routes and settlement prices for FFAs.

Baltic panamax index (BPI)

The BPI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 74 000 dwt vessel and maximum seven 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.

Baltic supramax index (BSI)

The BSI is published every London working day by the Baltic Exchange, which collates 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 × 30 MT cranes and grabs and maximum 10 years of age. This index is also published on the basis of a time charter return and is used to determine the value of trading routes and settlement prices for FFAs.

Bareboat charter

Charter for an agreed period of time during which the shipowner provides only the ship, while the charterer provides the crew, together with all stores and bunkers and pays all vessel operating costs.

Barging

Transfer of cargo between a ship and the shore using a barge.

Beam

The greatest width of a vessel.

Branch line locomotive

Small to medium-sized locomotive typically used for shunting or branchline operations.

Breakbulk

Dry, loose cargo.

Bulk carrier

Ship designed to carry dry, loose cargoes in bulk.

Bunker(s)

Fuel, consisting of fuel oil and diesel, burnt in the vessel's engines.

Bunker tanker

A small tanker used to refuel ships with bunkers.

Capesize bulk carrier

Dry-bulk carrier with a capacity of about 130 000 to 200 000 dwt which, due to its size, must transit when loaded the Atlantic to the Pacific via Cape Horn or the Cape of Good Hope and is typically used for long voyages in the coal and iron ore trades.

Charter hire

The revenue earned by a vessel pursuant to a bareboat charter or a time charter (see Freight for voyage charter revenue).

Charterer

A person, firm or company hiring a vessel for the carriage of goods or other purposes.

shareholders' information >> continued

Terms and expressions continued

Charter party

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 tanker

A tanker, usually not larger than 40 000 dwt, designed to carry numerous bulk liquid chemical products, often in stainless steel tanks, in isolated compartments (also termed "parcels").

Commercial management

Management of those aspects of ship owning and operation that relate to obtaining economic value from the vessel, which includes ship financing, sale and purchase, chartering or vessel, employment, voyage execution, insurance and claims handling, accounting and corporate administration.

Container ship

Ship designed to carry containerised cargo.

Contract of affreightment (COA)

Similar to a voyage charter, but covers two or more shipments over an agreed period of time (this could be over a number of months or years) and no particular vessel is specified.

Deadweight tonne (DWT)

Deadweight tonnes, the unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tonnes) the ship can carry, including cargo, bunkers, water, stores, spares, crew, etc. at a specified draft.

Demurrage

An agreed amount payable to the shipowner by the charterer when the agreed time allowed for loading or unloading cargo has been exceeded through no fault of the owner.

Double hull

A ship which has an inner and an outer hull. The distance between these two can be up to 2 metres. Such construction increases the safety during a possible grounding or collision and in this way leakage may be avoided.

Draft

Vertical distance between the waterline and the bottom of the vessel's keel (i.e. the depth of the ship in the water).

Drydocking

The removal of a vessel from the water for inspection, maintenance and/or repair of parts that are normally submerged.

Flag state

The country where the vessel is registered.

Forward freight agreement (FFA)

A derivative instrument that is a means of hedging exposure to freight market risk through the purchase or sale of specified time charter rates for forward positions. Settlement is in cash, against a daily market index published by the Baltic Exchange.

Freight

The revenue earned by a vessel pursuant to a voyage charter or a contract of affreightment.

Front haul

Routes which follow the typical flow of the transportation of cargoes from the main loading areas to the main discharging areas.

Handysize bulk carrier

Dry-bulk carrier of about 10 000 to 40 000 dwt which is commonly equipped with cargo gear such as cranes. This type of vessel carries principally minor bulk cargoes and limited quantities of major bulk cargoes. It is well suited for transporting cargoes to ports that may have draft restrictions or are not equipped with gear for loading or discharging cargoes.

Handymax bulk carrier

Dry-bulk carriers of about 40 000 to 50 000 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.

IMO

International Maritime Organisation, 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/pool

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.

Locomotive

Self-propelled engine used for hauling a train.

Mainline locomotive

Large locomotive typically used for mainline rail operations.

Major bulk

Dry-bulk cargoes such as iron ore, coal and grain.

MARPOL

The international convention governing marine pollution prevention. It is part of the IMO.

Minor bulk

Dry-bulk 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.

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

Dry-bulk carrier of about 60 000 to 80 000 dwt with beam not exceeding 32,2 metres which permits it to transit, when fully loaded, through the Panama Canal. Panamax vessels are primarily used to transport major bulks, although they can be used to transport certain minor bulks such as fertilisers, ores, petcoke and salt.

Period market

The time charter market where a ship (or space on a ship) is chartered for a period of time (see Time Charter).

Petrochemicals

Chemicals containing carbon, often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal.

Products tanker

A tanker designed to carry refined petroleum products in bulk, on occasion in multiple tanks.

Shunting locomotive

Small locomotive exclusively used for shunting operations.

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 bulk carrier

Dry-bulk carrier within the handymax sector of about 50 000 dwt to 63 000 dwt, which is usually grab-fitted and carries a wide variety of cargoes, including major bulk and minor bulk cargoes.

shareholders' information >> continued

Terms and expressions continued

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 or TCE

Freight and charter-hire less voyage costs incurred expressed as a daily rate over the duration of the voyage.

Tonnage

A generic term referring to any kind of ocean-going cargo vessel or vessels.

Twenty-foot equivalent unit or TEU

The standard length of a container and the measurement used to determine the container-carrying capacity of a container ship.

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.

Wagon

Rail carriage used for the haulage of freight.

Company information

Grindrod Limited

Registration number 1966/009846/06
Share code: GND & GNDP
ISIN: ZAE000072328 and ZAE000071106

Registered office and business address

Quadrant House
115 Margaret Mncadi Avenue
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4001

Postal address

PO Box 1
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4000

Contact details

Telephone +27 31 304 1451
Facsimile +27 31 305 2848

Website details

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E-mail address

grindrod@grindrod.co.za

Group company secretary

Mrs CI Lewis
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Grindrod Ethics Officer

Mrs CI Lewis
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Tip-offs Anonymous

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Principal attorneys and legal advisors

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Telephone +27 31 536 8600

Bankers

The group maintains relationships with various registered national and international financial institutions

Registered auditors

Deloitte & Touche
2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia, 4051
Telephone +27 31 560 7000

Share transfer secretaries

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Johannesburg, 2001

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Marshalltown, 2107

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Facsimile +27 11 370 5271/2
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Integrated annual report

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