



GRINDROD
LIMITED



**INTEGRATED
ANNUAL REPORT
2014**



an integrated business



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1 Grindrod Mainline Locomotive operating in Africa

2 Operations Manager, Sturrock Grindrod Maritime (SGM) Ships Agency

3 TOREA Products/Chemical Tanker built 2004 dwt 40 000

4 Grindrod Financial Services



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THE GRINDROD STORY

Captain John Grindrod establishes a clearing and forwarding agency that would grow into a company with a **current turnover of R14 billion a year** and total assets of R33 billion.

1910

John Grindrod and Leon Renaud buy a **150-tonne steamship**.

1922

The **company is appointed as ships agent** for African Coasters, established by Leon Renaud.

1933

African Coasters merges with Thesen's Steamship Company to form Unicorn Lines. Today, Unicorn Shipping operates **14 owned and long-term chartered** medium-range, small-products and chemical **tankers**.

1966

The **company pioneers containerisation in the country and establishes the first container depot and service.** Today, Grindrod terminals in Maputo, Richards Bay, Durban and Walvis Bay have **combined annual throughput** capacities in excess of **18.7 million tonnes dry bulk** and **120 000 vehicles**.

1971

The **company lists its shares on the Johannesburg Stock Exchange** through a newly established **holding company, Grindrod Unicorn Group Limited, known as Grincor.** At 31 December 2014 the company's **market capitalisation** was in excess of **R17 billion**.

1986

The **company purchases dry-bulk charterer Island View Shipping.** Today, Island View operates and commercially manages **21.5 owned and long-term chartered** handysize, supramax and capesize **dry-bulk carriers**, with three handysize and six supramax fuel- and emissions-friendly carriers on order.

1999

2001

The company changes its name to **Grindrod Limited**.

2003

The company's initial investment in the **Richards Bay dry-bulk terminals becomes operational.** Today, these terminals have a **6.1-million tonnes capacity**.

2005

Grindrod acquires Marriott Corporate Property Bank, which today trades as **Grindrod Bank and Grindrod Asset Management Services**, with **total assets under management of R13.7 billion** and a contribution to group profit of R112 million.

2007

The **company invests in the Maputo Port Development Company.** Today, the port manages a **throughput of 19 million tonnes a year** and plans are on track to achieve a throughput of 40 million tonnes by 2020. Grindrod investments in dry-bulk and car terminals at the port add significant value to the company's logistics offering.

2009

Grindrod re-enters the rail sector, which now offers a **full suite of rail services**, from locomotive manufacturing and line operations to track construction through interests located in South Africa, Mozambique, Zimbabwe, Zambia, Congo Brazzaville, the DRC, Sierra Leone, Ghana and Mauritius.

2011

Grindrod enters into a R2 billion equity raising transaction with Remgro Limited to support the group's strategic development of capital projects in Southern Africa.

2014

The company streamlines its freight and logistics services offering by closing its Trading division. Gearing for infrastructure expansion, mainly into the African continent, through a **R4.0 billion capital raise**, which included a **R1.6 billion B-BBEE consortium transaction**, to fund planned investments of R10.0 billion.

ABOUT THIS REPORT

Integrated reporting

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.

This report has been compiled in accordance with the concepts, guiding principles and content elements contained in the International <IR> Framework issued by the International Integrated Reporting Council (IIRC). This framework supports a focus on reporting on the ability to create value over the short, medium and long term and, inter alia, the connectivity and interdependencies of the six capitals, namely financial, manufactured, intellectual, human, social and relationship and natural capital.

In addition, Grindrod has applied the JSE 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 Corporate Governance for South Africa (King III).

The report provides a complete and balanced review of Grindrod's financial, social and environmental performance within the context of its strategy, risks and opportunities for the period 1 January 2014 to 31 December 2014, including information on subsidiaries and local and international joint-venture partners and associates.

The previous report covered the corresponding period for the 2013 financial year.

The report must be read in conjunction with the audited annual financial statements, available on Grindrod's website.



Sustainability reporting

Grindrod has adopted the guidelines included in the internationally accepted Global Reporting Initiative's (GRI's) G4 and the JSE Socially Responsible Investment (SRI) index as a basis for sustainability reporting.

Information disclosed in terms of the GRI framework is based on the identification, prioritisation and validation of material aspects to promote disclosure that appropriately reflects material significant economic, environmental and social aspects and its performance in the wider context of sustainability within the context of the reasonable expectations and interests of its stakeholders. Where appropriate, sustainability information is disclosed inclusive of subsidiaries, joint ventures and associated companies.

A GRI-G4 content index, based on a core "in accordance" option, is available on the website. The assurance statement on limited procedures on selected aspects of the sustainability information is included on page 92.



Committed to reporting excellence

- "Best Practice" result for Environmental Performance for a fourth consecutive year.
- "Best Practice" result for Climate Change in the 2013 JSE SRI assessment.
- Top-ten Nkonki Integrated Reporting Award for 2013 integrated annual report – seventh overall.
- Winner of the Ethical Boardroom corporate governance awards 2015 "Best Corporate Governance – Transportation-Africa-2015"

Materiality

Material aspects are those which have the potential to substantially impact on Grindrod's ability to create and sustain value for its stakeholders. These aspects are assessed within the context of the organisational strategies, environmental influences and the key risks and opportunities that affect the ability to create sustainable value.

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.

Report approval

Grindrod's board acknowledges responsibility for ensuring the integrity of the integrated annual report. Following collective assessment, the audit committee, responsible for oversight of the integrated annual report, recommended the report for approval by the board of directors.

The board believes that the integrated annual report has been prepared in accordance with best practice, appropriately addresses material aspects of Grindrod's business and is a fair representation of the integrated performance of the company.

The board has therefore approved the 2014 integrated annual report on 24 February 2015 for release to shareholders.

MJ Hankinson
Chairman

AK Olivier
Chief executive officer

CHAIRMAN'S MESSAGE TO STAKEHOLDERS



Transformed board and executive team drive strategy implementation to create stakeholder value and promote business sustainability.

It is an honour to serve as chairman of the Grindrod board after a five-year tenure as director. I succeed Ivan Clark, who played a crucial role in building the company over a 37-year period, notably as CEO from 1999 to 2006 and as chairman from 2007 to his retirement in 2014. His business acumen and understanding of the logistics value chain will be sorely missed. Mike Groves, who served as a director of Grindrod for 28 years, including being managing director of the group from 1986 to 1999, also retired. His many years of experience in the shipping industry and his contribution to the deliberations of the board and the audit committee played a valuable role in consistency of corporate governance.

In addition, the company lost an executive stalwart, Dave Rennie, Freight Services CEO, who passed away in

September 2014. Dave worked for Grindrod for 35 years and was the driving force in building Freight Services into the diversified business it is today. His death left a vacuum that was filled by splitting his responsibilities in a restructured Freight Services management tier.

On behalf of the board I extend our condolences to the families of Dave Rennie and past directors Tony Norton and Tim McClure who also sadly passed away during 2014.

Integrated reporting

The integrated annual report constitutes an important communication platform with stakeholders. In a quest to continuously improve the quality of reporting, the board

embraces the principles of integrated reporting, which guide companies across the world in reporting on the creation of value for stakeholders over the short, medium and long term.

Reporting frameworks are dynamic and continuously evolving and Grindrod is proud to follow the very latest guidelines, which include reporting on the six capitals the company manages – financial, manufactured, intellectual, human, social and relationship and natural. The frameworks on which reporting is based are detailed on page 1, with capitals management overviews included on pages 32 to 47.



Integrated reporting provides insight into a company's strategy and its value-adding ability in and across business units. It stimulates integrated thinking about the relationship between a company, its business, its stakeholders and its responsibilities. The board trusts that this report gives you insight into the way Grindrod conducts its business to the sustained benefit of all stakeholders.

Business strategy

Grindrod bases business decisions on the strategic objective of increasing its competitive advantage to maintain a position as a preferred integrated freight and logistics services provider. This objective is achieved through the effective management of the six capitals to drive meaningful value creation over the short, medium and long term. The company is adequately geared to invest in infrastructure and services following the successful capital raise in 2014. Its people possess focused expertise to drive and grow the business and further build the already globally respected Grindrod brand name.

Grindrod successfully raised equity capital of R4.0 billion to fund future infrastructural capital projects. The raise included a B-BBEE consortium transaction of R1.6 billion, equating to an 8.4 per cent equity stake in the company.

Management continuously explores opportunities to grow and diversify the business, which, in the integrated logistics industry and at the scale of Grindrod's business, requires informed decisions based on structures to ensure sustainable investments. These structures include sound corporate governance and effective risk management and are underpinned by best practice in managing safety, health, environment and quality, human resources, transformation, social investments and stakeholder engagement.

The execution of projects in the Grindrod pipeline is decided on against this well-controlled management approach.

The performance of assets – such as the port of Maputo, a strategically placed network of terminals, a growing suite of rail offerings and the success of the Shipping fleet – is testimony to the robustness of the business model. Future investments will continue to focus on improving Grindrod's products and services in South Africa, expanding Grindrod's presence in African logistics corridors and appropriately managing and improving our world-class shipping fleet.

At the base of Grindrod's success is the team that drives value and growth. The health and well-being of the people, as well as their development professionally and personally, are major focus areas. The board is pleased that the lost-time injury frequency rate improved significantly in 2014. Some 3 456 employees attended training interventions. Cultural representation in the employee base improved, notably at executive and board levels. The company will continue to manage its human resource base of some 7 506 people in 43 countries to the benefit of the business, the people and their families.

2015

The global economic recovery is expected to remain fragile, easily affected by a variety of political, economic and commodity stimuli. Management in 2014 successfully steered the company through markets that were subdued and often turbulent by decreasing exposure to certain segments, increasing commodity diversification to boost terminals utilisation and taking dry-bulk vessels under own commercial management to improve route allocation based on changes in supply and demand. Careful analyses of risks, capabilities and sustainability prospects will guide the board and management in optimising the business and timing further investments.

I am delighted that the board enters 2015 with one new director, Ms Tantaswa Fubu, who not only adds valuable knowledge and experience but also demonstrates Grindrod's commitment to transformation. Changes in the executive structure contributed to improved representation in the next tier of management. Grindrod will continue to accelerate transformation at these levels.

I thank fellow directors, management and employees for their contribution to another successful year in company history and wish them all an innovative and prosperous 2015.

Mike Hankinson
Chairman

24 February 2015

Equity capital raised

R4bn

Total dividends paid

R265.4m

CHIEF EXECUTIVE OFFICER'S REPORT



Management in 2014 successfully steered Grindrod through subdued and often turbulent markets, making informed decisions to ensure the sustainability of the business over the long term.

The headline earnings for the 2014 year are marginally higher than those for the preceding year. Earnings attributable to ordinary shareholders decreased by 14.9 per cent, due mainly to the realisation of a large foreign currency translation reserve in 2013. This, together with a 14.8 per cent increase in the weighted average number of shares following the capital raise in 2014, resulted in a dilution in the earnings and headline earnings per share.

2014 was a challenging year, marked by weakening shipping markets, falling commodity prices and extended industrial action. The company continued to focus on delivery on key strategic infrastructure expansion projects, commodity diversification and business consolidation to counter market volatility.

Grindrod's equity was boosted by a successful capital raise of R4 billion, gearing the company for its planned infrastructure expansion over the next few years. Business alignment and efficiency improvements were achieved through the acquisition of the interests held by the group's long-term B-BBEE partners, Calulo Investments and Solethu Investments, in certain operating subsidiaries and joint ventures. In conjunction with this and as part of the R4.0 billion capital raise, a consortium including Calulo Investments, Solethu Investments, Adopt-a-School, Brimstone Investment Corporation and Safika Holdings invested R1.6 billion in Grindrod at holding level, resulting in an 8.4 per cent B-BBEE ownership score.

Business performance

Grindrod continues to assess business performance against targets and key performance indicators. During 2014, the Atlas agricultural operations were successfully wound down and the remaining investments and operations restructured into Freight Services and Shipping. Rationalisation in Carrier Logistics businesses, while continuing, realised some good results.

Freight Services suffered a severe loss with the passing away of Dave Rennie, CEO and key architect of the division as it operates now and its growth into the future. On behalf of Grindrod, I offer our condolences to his family, friends and colleagues. The Freight Services executive team was restructured from internal sources to compensate for the loss of a most able and liked person without losing business momentum.

Port, comprising Grindrod's holding in the port of Maputo, recorded a solid performance. The port, one of the company's major strategic assets, achieved a record volume throughput. Grindrod and its partners in Maputo Port Development Company are carefully monitoring and managing the implementation of the port masterplan to achieve a 40-million ton throughput by 2020. The plan includes making the port accessible for panamax vessels and improving rail and road capacity into and out of the port.

Terminals performed satisfactorily, driven by an increase in utilisation in the second half of the year following strike-related disruptions to commodity movements in the first half. Capacity in the Maputo car terminal was affected by subdued vehicle demand.

Rail reported a disappointing performance due to a lack of orders and the complexities associated with railway projects in Africa. Low locomotive orders were partially offset by an increase in leased units. The newly launched GS7 shunting and short-haul locomotive has the potential to increase capacity utilisation in the locomotive-manufacturing plant.

Grindrod continued to progress the Zambian Northwest Rail project to build, operate and maintain a railway line, and continues to explore ways in which to increase its volumes in the north-south corridor. Rail has the capacity and expertise to assist new trade corridors in Africa to grow the scope of services.

Carrier Logistics was reorganised to adjust to market conditions. Automotive carriers returned to profit after six years and fuel transportation in South Africa is targeting a profit in 2015. The fuel-carrier business in Botswana is profitable and growth opportunities in Mozambique are being investigated.

Integrated Logistics manages containerised cargo and mining minerals, marine services, cargo-handling, freight-forwarding and ships-agency services. The ships-agency businesses were successfully integrated into Sturrock Grindrod Maritime to form one of the top global ships-agency companies. The Röhlig-Grindrod clearing and forwarding agency was impacted by lower market activity and depressed margins, but remains well placed to expand its geographic footprint and range of

services. Intermodal continues to explore consolidation measures to counter the reduced demand for services due to economic conditions and to expand its geographic footprint and range of services.

Shipping made good progress with the fleet renewal programme, replacing older vessels with eco-friendly, Japanese-built vessels to ensure a young and competitive fleet. The division took delivery of three vessels and sold and/or terminated charters of five vessels, bringing the fleet size to 35.5 vessels at year-end.

The financial results are indicative of the weak shipping markets but were well contained through the application of the specialised business acumen that operates a fleet that is known for its reliability and high level of service. This is borne out by another extension of a multi-year parcel-service contract to Europe and the Far East and being awarded a long-term contract for shipping bulk commodities into Madagascar from South Africa and the Persian Gulf.

Seafreight extended its southern African coastal corridor to Beira, now offering freight solutions from Walvis Bay to the north of Mozambique, and acquired additional terminals in the port of Durban to optimise service delivery.

Cockett Marine Oil reported acceptable results, albeit lower than expected. Despite an increase in volumes, the deterioration in margin per tonne contributed to a decline in earnings from the prior year.

Financial Services achieved record results. Grindrod Bank and Grindrod Asset Management have, over time, consistently and successfully built their product offerings.

Following the unsolicited offer by Bidvest to buy the Financial Services business and the subsequent withdrawal of the offer, Grindrod will continue to support the business, with the expansion of strategic initiatives and capital support, for the benefit of stakeholders.

Grindrod is pleased with the roll-out of the debit cards to SASSA beneficiaries and that it gave beneficiaries an advanced product that included them in the banking system. Following a ruling by the Constitutional Court, the tender has since been re-issued, with the tender submission date being extended to end-May 2015.

Business sustainability

Continued focus on the safety of employees, contractors and visitors was rewarded with a significant improvement in the lost-time injury frequency rate (LTIFR). Regrettably, the company suffered a fatality at its Intermodal Bremen Road depot as a result of an employee being struck by a large fork-lift stacker. The incident was reported to the relevant authorities, duly investigated and steps taken to prevent a re-occurrence.

The decision to centralise strategic elements of human capital management, transformation, empowerment, social responsibility, information technology and procurement in the

Corporate Services division improved the management and efficiency of these shared services. Training and development initiatives continued throughout the year to ensure a pipeline of well-skilled staff.

Social investment continued to focus on education in conjunction with Adopt-a-School. Investment was extended to include the conservation of coastal and marine ecosystems in partnership with the Wildlands Conservation Trust.

Grindrod continued to improve measures to minimise adverse effects its operations may have on the environment. Its targets for GHG emissions, fuel consumption, renewable energy sources, waste management and normalised water consumption are stated in Grindrod's Vision 2020 manifesto.

Business safeguards

The execution of the Grindrod strategy through its business model is safeguarded by quality, legal and risk-assessment structures and underpinned by proactive engagement with key stakeholders.

Freight Services businesses are in the process of integrating their quality management systems based on ISO 9001, ISO 14001 and OHSAS 18001 into one system, which is also based on the Grindrod sustainability pillars. All terminals are IMS accredited. Carrier Logistics have moved from ISO 9001 to integrated management systems incorporating ISO 9001; 14001 and OHSAS 18000, aiming to be certified during the course of the first half of 2015. Ships Agencies are ISO 9001 compliant and Intermodal is ISO 14001 and OHSAS 18000 compliant, planning to become ISO 9001 compliant during 2015.

Shipping conforms to strict international IMO conventions and laws and all ships under Grindrod management are ISO 9001 and ISO 14001 certified. Legal compliance for all businesses is managed at business-unit level, with internal and external compliance audits.

Risk management is an ongoing process, monitored at board level. Commodity demand, which impacts asset utilisation and earnings, is monitored on internal analysis systems, prompting appropriate mitigating steps when required. The shipping fleet, which constitutes a large capital investment, manages its own risk-tolerance framework, which includes continuously assessing asset value against targeted returns and ensuring that vessels are appropriately managed to optimise returns. Sovereign risk, always a threat to cross-border operations, is continuously assessed and projects are proactively managed through consultation with governments and local partners who understand the countries' dynamics. Counter-party risk is also continuously monitored and proactively mitigated.

Directors

Grindrod is managed by experienced teams, focussed on building the business in their spheres of operation.

At board level, Ivan Clark and Mike Groves reached retirement age. Ivan was board chairman and former CEO and Mike has served the company for 28 years, including as group managing director from 1986 to 1999. Ivan's services to the group spanned 37 years. I thank Ivan and Mike for their considerable contribution to the group and Ivan for the guidance and support he gave me and my executive team.

On behalf of management, I congratulate Mike Hankinson on his election as chairman. Mike has five years' experience on the Grindrod board and was well placed to take over the leadership role. Welcome to Tantaswa Fubu, whose experience will be valuable to board deliberations.

Headline earnings

▲ **3.9%**

2014 shareholders' equity to

▲ **R17.4bn**

2015

With continued pressure on global commodity prices, management will proactively manage the group's diversified infrastructure and service offerings to promote resultant growth in utilisation and returns.

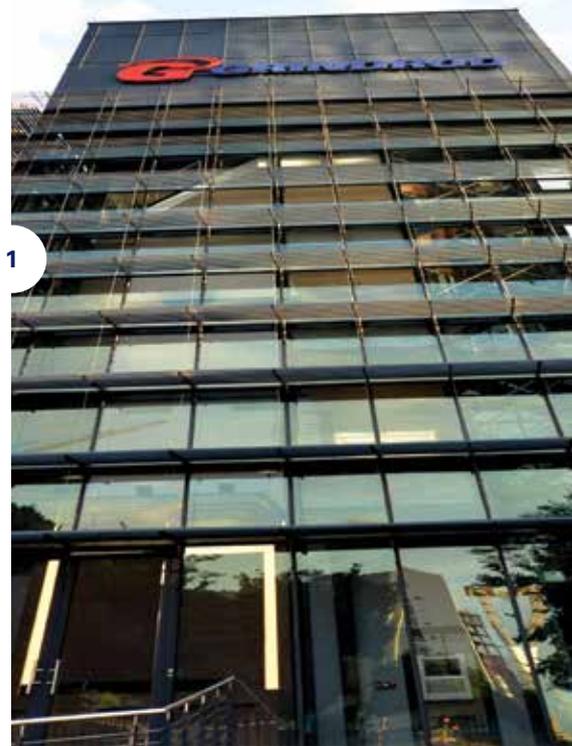
Grindrod enters 2015 with a strong balance sheet, in a good position to grow services and asset utilisation and expand the business. The funding from the capital raise is earmarked for key strategic investments. These are long-term projects, managed carefully and in conjunction with partners, governments, local authorities and other stakeholders.

I thank all employees, management and fellow board members for their input in growing Grindrod.



Alan Olivier
Chief executive officer

24 February 2015



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- 1 'Grindrod Towers' in Sandton
- 2 SGM – agents for Multi-Lay vessel & Oil Rig in Cape Town
- 3 Grindrod Fuelogic – Road Tanker
- 4 Grindrod Mainline Locomotive at the assembly facility in Gauteng
- 5 FUMANA Bunker Tanker built 2010 dwt 4 250

GRINDROD'S BUSINESS

LEVERAGING CAPITALS TO CREATE VALUE

CAPITAL INPUTS

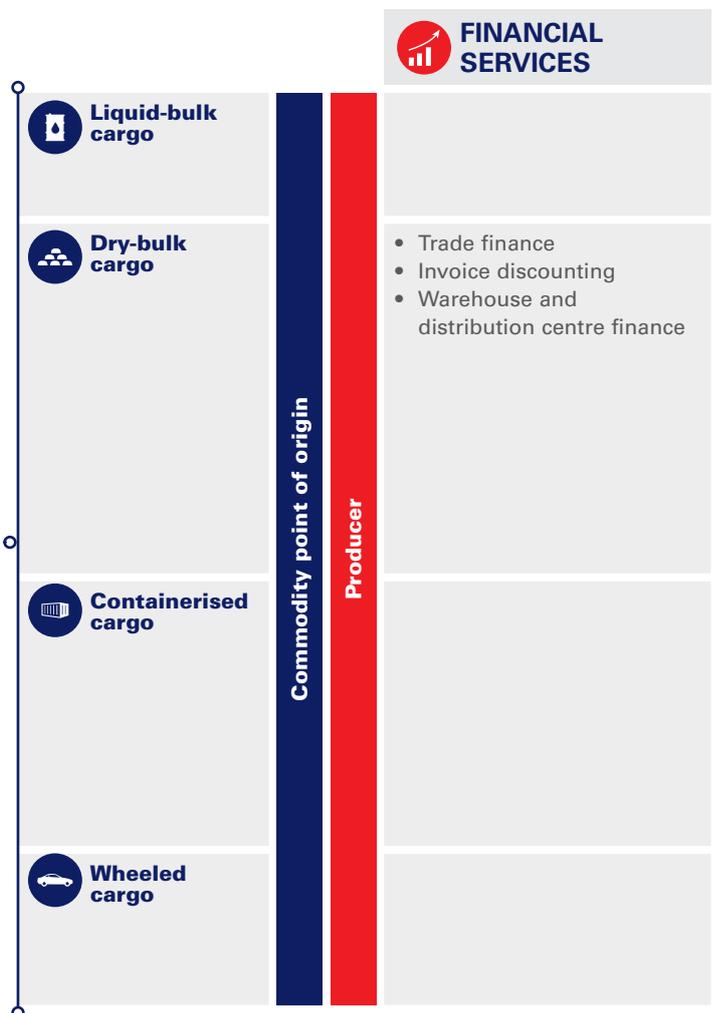
FINANCIAL CAPITAL Retained earnings Equity funding Debt funding  p 32
MANUFACTURED CAPITAL Port, terminals and interlinking infrastructure Rail-manufacturing facilities Shipping fleet  p 35
INTELLECTUAL CAPITAL Globally respected brand Sound knowledge base Proven systems and structures  p 38
HUMAN CAPITAL 7 506 skilled employees Skills development and training Optimum organisational structure  p 40
SOCIAL AND RELATIONSHIP CAPITAL Host communities Engagement structures Strategic relationships  p 43
NATURAL CAPITAL Natural resources  p 45

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

A clear understanding of internal and external **risks** determines the scope, timing and execution of business projects to achieve the strategy sustainably.



p 22



GOVERNANCE

OUR VALUES

Transparency in the disclosure of information to stakeholders	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	Accountability , requiring employees to take full ownership of actions taken
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Grindrod's **strategy** is to achieve a key competitive advantage to become the preferred integrated freight and logistics service provider.

Proactive **engagement** to understand **stakeholder** needs and interests guides Grindrod in the execution of its strategy in a mutually beneficial manner.



 FREIGHT SERVICES	 SHIPPING
<ul style="list-style-type: none"> Road tankers Tank terminals Clearing and forwarding Ships agency 	<ul style="list-style-type: none"> Tanker Bunker tankers Marine fuels
<ul style="list-style-type: none"> Road and rail transportation Locomotives, signalling and rail construction Rail corridor management Terminals Warehousing Clearing and forwarding Port management Stevedoring Ships agency Industrial raw minerals Agricultural commodities 	<ul style="list-style-type: none"> Dry-bulk ships Ship operating
<ul style="list-style-type: none"> Road and rail transportation Container depot Warehousing Clearing and forwarding Container leasing Stevedoring Ships agency Industrial raw minerals Agricultural commodities 	<ul style="list-style-type: none"> Southern Africa feeder ships
<ul style="list-style-type: none"> Road transportation Car terminals Clearing and forwarding Stevedoring Ships agency 	



CAPITAL OUTCOMES

FINANCIAL CAPITAL

Projects funding
Revenue from manufactured products and services
Shareholder returns



MANUFACTURED CAPITAL

Seamless logistics value chains
Capacity to support export growth
Viable logistics solutions into and across southern and South Africa



INTELLECTUAL CAPITAL

Innovative offerings to clients
Governed business management



HUMAN CAPITAL

Employee safety and well-being
Personal and professional growth
Indirect support of employee dependants



SOCIAL AND RELATIONSHIP CAPITAL

Mutually beneficial stakeholder involvement
Engaged workforce
Improved community sustainability



NATURAL CAPITAL

Mitigation of adverse environmental impacts



FRAMEWORK

SUSTAINABILITY PILLARS

The **health and safety** of employees, contractors and visitors are of paramount importance

People are respected on principles entrenched in the Universal Declaration of Human Rights

The adverse impact of Grindrod activities on the **environment** should be minimised

Relationships with the **communities** within which the company operates should respect their human rights, culture and customary livelihoods

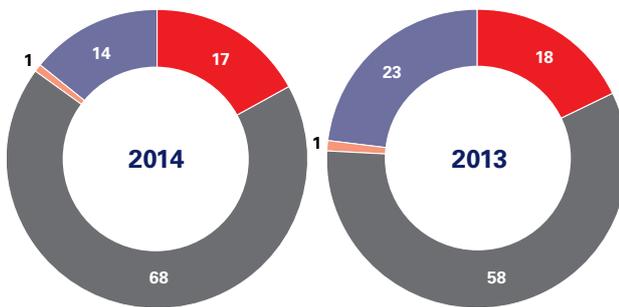


BUSINESS STRUCTURE

at 31 December 2014

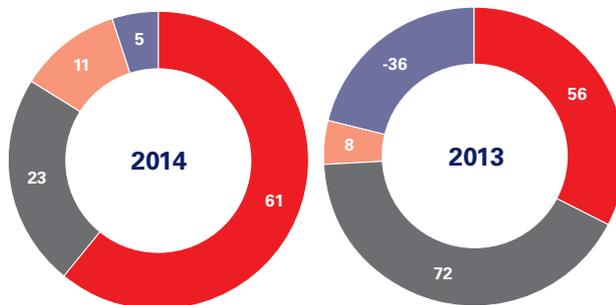
The Grindrod **operating divisions** integrate to move cargo by **rail, road, sea** and **air**, using specialised assets and infrastructure focused on dry-bulk and liquid-bulk commodities, wheeled cargo and containers. Complementary services that add value to this logistics chain are commodity sourcing,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

Revenue (management) (%)



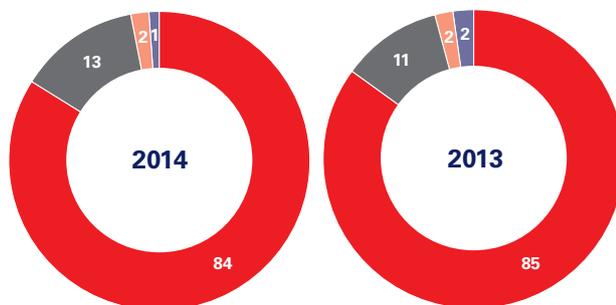
2014: R32 717 million | 2013: R32 135 million

Attributable profit (%)



2014: R1 001 million | 2013: R1 177 million

Total employees by business area (%)



2014: 7 506 employees | 2013: 7 675 employees

■ Freight Services ■ Financial Services
■ Shipping ■ Group

FREIGHT SERVICES



Contribution to revenue

17.3% (2013: 18.2%)

Contribution to attributable profit

61.3% (2013: 56.0%)

Freight Services invests in and manages infrastructure and resources to achieve its mission to be the preferred provider of a broad range of freight logistics services, mainly on the African continent. The division integrates group infrastructure and logistics and freight-agency services to move dry- and liquid-bulk commodities, vehicles and containers along import/export corridors.

p 19, 26

The integration of logistics infrastructure includes rail and road transportation, rail services, port operations, terminals, intermodal solutions, warehousing, distribution, stevedoring and freight-agency services.

Port operations comprise a 24.7 per cent stake in Maputo Port Development Company (MPDC), in partnership with the Ports and Railway Company of Mozambique (CFM), Dubai Ports World (DPW) and Mozambique Gestores SARL.

Terminals in Maputo, Richards Bay, Durban and Walvis Bay have combined throughput capacities in excess of 18mtpa dry bulk, 260 000m³ liquid bulk and 120 000 vehicles a year. Stevedoring services are also provided.

Rail offers a full suite of rail services, from locomotive manufacturing with an annual manufacturing capacity of 100 locomotives, and mainline and siding operations to track engineering, signalling and on-board computer systems and construction. These interests are located in South Africa, Mozambique, Zimbabwe, Zambia, Congo Brazzaville, the DRC, Sierra Leone, Ghana and Mauritius.

Carrier Logistics manages the transportation of wheeled cargo and fuel through its fleet of specialised vehicles.

Integrated Logistics provides containerised cargo and mining minerals, cargo-handling, freight-forwarding and ships agencies services and heavy-lift logistics. Warehouse depots have a combined storage capacity for 27 500 TEU and 174 000 tonnes of cargo.

Agricultural Logistics provides agricultural and related products, resources and services, as well as input products for agricultural production and market access for grain produce.

Industrial Logistics provides the procurement, movement and distribution of various raw minerals and industrial products.

SHIPPING



Contribution to revenue
67.6% (2013: 57.5%)

Contribution to attributable profit
22.3% (2013: 72.4%)

Shipping operates a diversified fleet of 35.5 owned, chartered and joint-venture dry-bulk, liquid-bulk, container and bunker vessels across the world. The supply of marine fuels and lubricants complement a product offering aimed at delivering a global dry-bulk and petrochemical sea-freight solution.



p 20,
28

Island View Shipping (IVS) operates and commercially manages owned and long-term chartered handysize, supramax and capesize dry-bulk carriers. The fleet comprises 21.5 vessels, with three handysize and six supramax fuel- and emissions-efficient (Eco) carriers on order.

Unicom Shipping operates 14 owned and long-term chartered medium-range, small-products and chemical tankers. A total of six tankers are operated through joint ventures.

Seafreight, through Ocean Africa Container Lines (OACL) increased its chartered coaster feeder fleet from three to four and extended the reach of its service to Beira. Three terminal facilities in Maydon Wharf in the port of Durban also offer services also to third parties to optimise efficiency.

Ship-operating services complement the dry-bulk services with shorter-term parcel services, using supramax bulk carriers, and petrochemical services using five liquid-bulk coastal carriers and three bunker barges.

Marine fuel and lubricants services are provided through supply division V-Marine Fuels and Cockett Marine Oil, a joint venture between Grindrod and Vitol, one of the world's largest value-add traders and suppliers of marine fuels.

FINANCIAL SERVICES



Contribution to revenue
1.2% (2013: 1.2%)

Contribution to attributable profit
11.2% (2013: 7.8%)

The Financial Services division provides niche investment, asset management, property finance and retail services through Grindrod Bank and Grindrod Asset Management.



p 21,
30

Grindrod Bank

The bank, an authorised financial-services credit provider regulated by the South African Reserve Bank, provides investment banking and banking services.

Investment banking services include long-term private equity investments and property private equity services, including mezzanine lending.

Banking products include:

- corporate banking services, including property finance, trade finance and invoice discounting;
- corporate financial services, including mergers and acquisitions, as a JSE sponsor and Alt-X designated advisor;
- a suite of five CoreShare Index Tracker Manager exchange-traded funds (ETFs), managed through the capital markets division;
- preference-share trusts, giving investors the opportunity to invest in redeemable preference shares which earn an enhanced after-tax yield;
- treasury deposit and funding services to maintain customers' liquidity targets; and
- retail services comprising mainly the management of funds paid by SASSA to 10 million debit-card holders.

Grindrod Asset Management

Asset-management services, regulated by the Financial Services Board (FSB), include managing 12 Grindrod local and international unit trusts, including the division's trademark-registered Payers & Growers suite of unit trusts, other equity growth funds and segregated and multi-manager mandates.

Wealth-management services are provided for high-net-worth individuals, companies, trusts, educational institutions, charities and public organisations.

Stockbroking services include fund management and an online trading platform.

More information on the operating entities within the three operating divisions is available on the website.



BUSINESS PROFILE

AN INTEGRATED SUPPLY CHAIN FOR BULK CARGOES



Port

Port concession
24.7% – Maputo Port Development Company (MPDC)

Terminals

Auto terminal
70% – Grindrod Maputo car terminal (MCTL)

Dry-bulk terminals
65% – Terminal de Carvão da Matola (TCM)
100% – Grindrod Mozambique Limitada (GML)
100% – Grindrod Navitrade, Richards Bay
100% – Kusasa Terminal, Richards Bay
100% – Valley Terminal, Richards Bay
100% – Sea Munye Terminal, Richards Bay
100% – Maydon Wharf, Durban
75% – Port of Walvis Bay, Namibia

Liquid-bulk terminals
30.5% – Oil Tanking Grindrod Calulo, Durban
30.5% – Oil Tanking Grindrod Calulo, Cape Town

Stevedores
100% – Bay Stevedores, Richards Bay
49% – Erundu Stevedores, Walvis Bay



Rail

Main line operations
28% – NLPI Group

Shunting, siding management and cargo management
100% – Grindrod Corridor Management
100% – Grindrod Operations

Locomotive design, engineering, manufacturing, leasing and maintenance
100% – Grindrod Locomotives
55% – GPR Leasing Africa
100% – Grindrod Mauritius Rail

Rail track safety, signalling and train control technologies
65% – Aurevon

Rail track engineering and construction
100% – Grindrod Rail Construction Company



Carrier Logistics

Auto road transportation
100% – Grindrod Logistics

Fuel road transportation
100% – Grindrod Fuelogic
100% – Grindrod Petrologistics (Botswana)
70% – Grindrod Fuelogic Mozambique



Integrated Logistics

Container logistics
100% – Grindrod Intermodal

Clearing and forwarding
42.5% – Röhlig-Grindrod
42.5% – Kapele Freight and Logistics

Ships agency services
100% – Sturrock Grindrod Maritime

Heavy-lift logistics
50% – Vanguard

Agricultural Logistics
20% – Senwes
20% – NWK Limited

Industrial Logistics
25% – Oreport
35% – Vitol Coal South Africa R.V.

Travel management
100% – Grindrod Travel

MANAGEMENT REVIEW

- **22.28%** Remgro
- **9.93%** Government Employees Pension Fund
- **9.74%** Grindrod Investment Proprietary Limited (Grindrod family)
- **8.40%** Newshelf 1279 Proprietary Limited (B-BBEE consortium)



Dry-bulk shipping
100% – Island View Shipping (IVS)

Liquid-bulk shipping
100% – Unicorn Shipping

Ship operating
100% – Unicorn Calulo Shipping Services
100% – Unicorn Calulo Bunker Services

Seafreight
100% – Ocean Africa Container Lines (OACL)

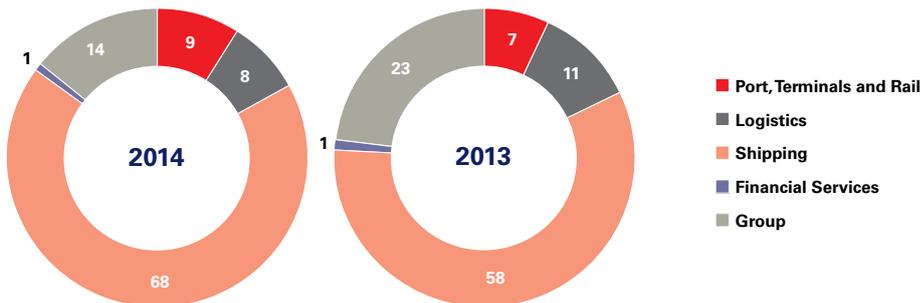
Marine fuel and lubricants
50% – Cockett Marine Oil
50% – V-Marine Fuels



Banking
96.5% – Grindrod Bank

Asset management
96.5% – Grindrod Asset Management

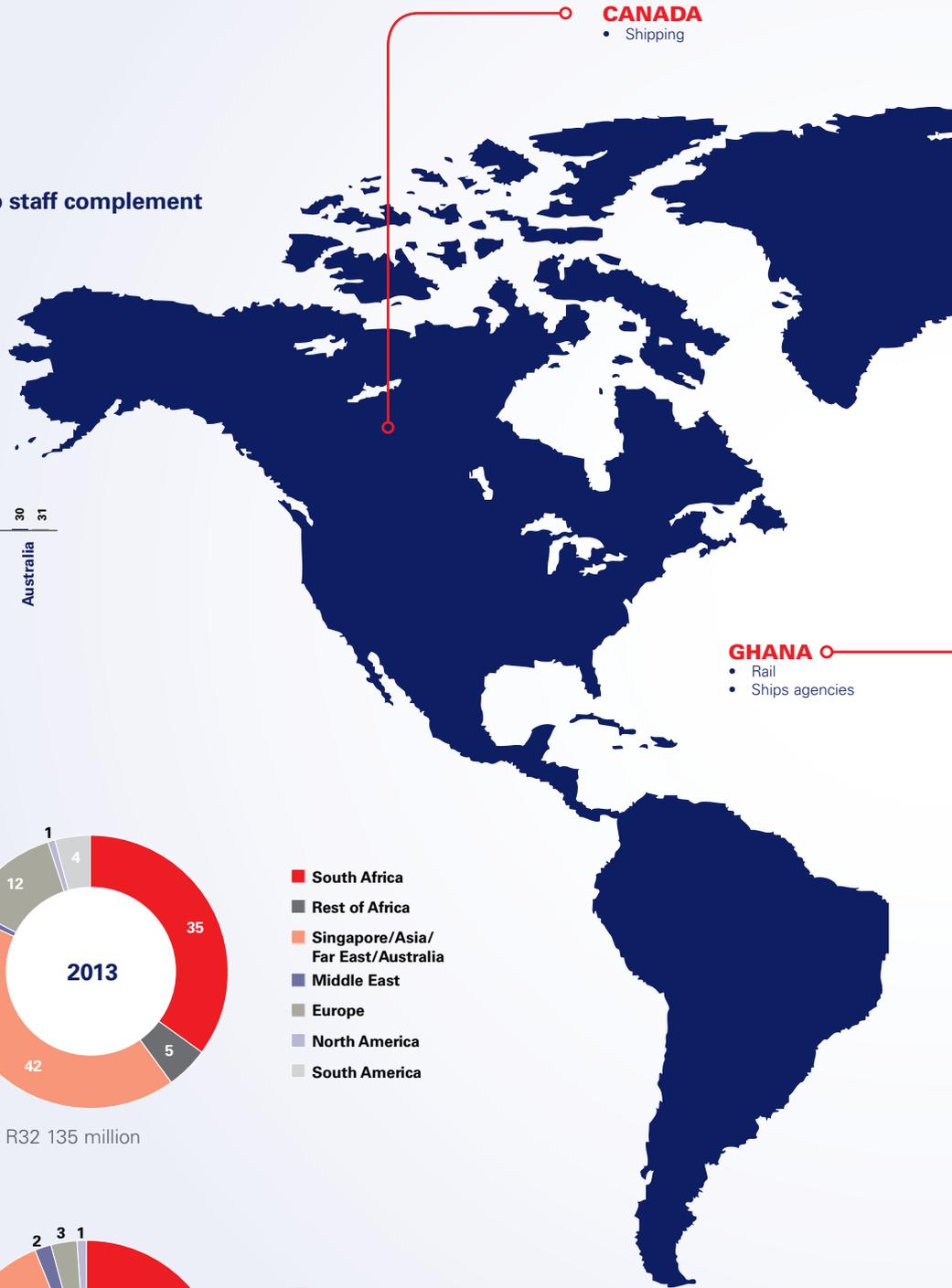
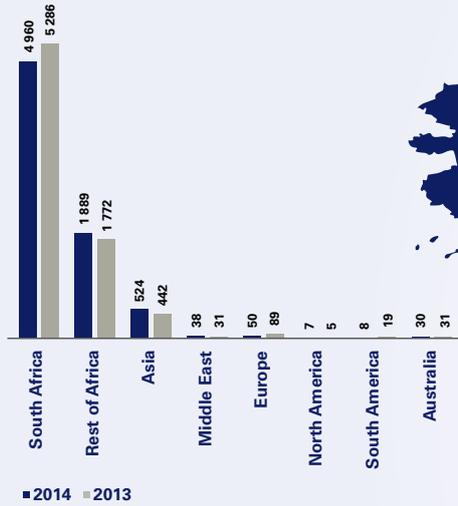
Revenue by business area (%)



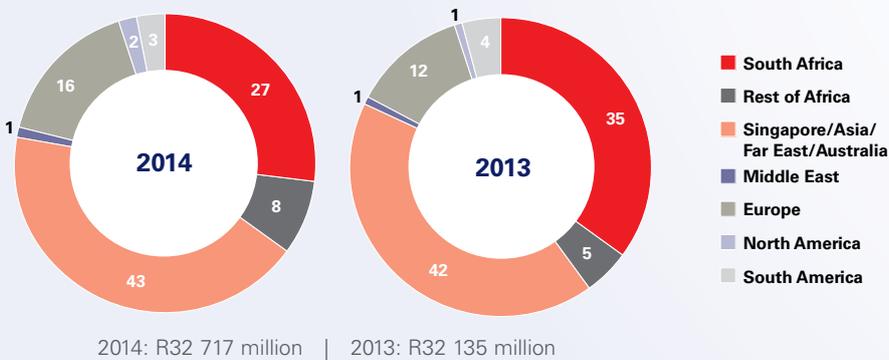
2014: R32 717 million | 2013: R32 135 million

GLOBAL PRESENCE BY OPERATION

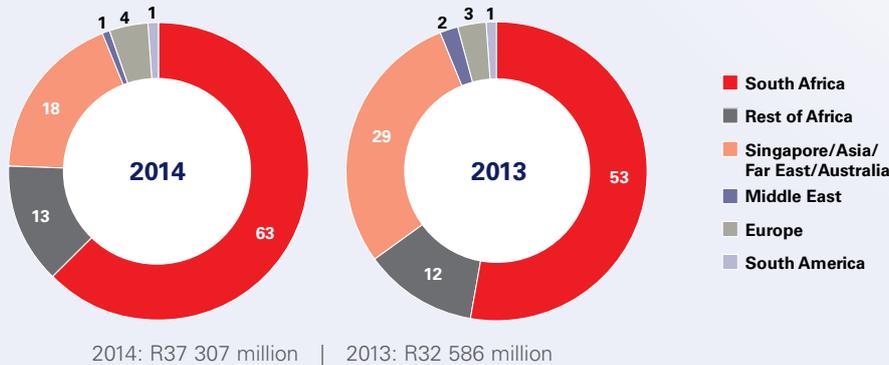
Geographic distribution of group staff complement



Revenue by region (%)



Assets by region (%)



Only major operations (in 18 countries) are included on the map above.



Representation in

43
countries

PERFORMANCE HIGHLIGHTS



Financial

		2014	2013	%
Headline earnings	Rm	729	702	3.9
Attributable profit	Rm	1 001	1 177	(15.0)
Dividends per ordinary share	cents	33.6	37.1	(9.4)
Return on ordinary shareholders' funds	%	7.2	11.4	(36.8)
Net interest-bearing debt to total shareholders' interests	%	(3.1)	21.4	(114.5)
Capital expenditure	Rm	2 448	2 868	(14.6)
Capital commitments	Rm	955	1 662	(42.5)



Sustainability

LTIFR – Freight Services		0.86	1.31	34.4
LTIFR – Shipping		0.26	0.29	10.3
LTIFR – Financial Services		0.00	0.00	–
GHG emissions intensity (CO ₂ per rand revenue)	grams	13.57	15.6	13.0



Employee information

Number of employees	No.	7 506	7 675	(2.2)
Employee cost	Rm	1 851	1 544	19.9
Employee cost to revenue	%	5.7	4.8	17.8
Training spend per employee	R	2 315	2 344	(1.2)
Profit per employee	R000	158	197	(19.8)
HDSA (historically disadvantaged South Africans)	%	78.2	79.1	(1.1)

Attributable profit

▼ **15.0%**

R1 001 million

GHG emission intensity

▼ **13.0%**

KEY FOCUS AREAS

MANAGEMENT REVIEW

2014	
Execute on capital projects	● Phased approach implemented following the weakening of commodity prices.
Maximise asset utilisation	● Very good progress made at Port and Terminals. Improved asset utilisation was a contributing factor in the turnaround of Carrier Logistics.
Secure new capacity	● A phased approach to the expansion of facilities was taken to align to weaker markets. ● The integrated logistics depots at Denver and Maputo were completed.
Improve operating efficiencies and cost	● Port and Terminals performed well. ● Shipping maintained a low-cost fleet. ● Rail and Logistics are systematically reducing their operating cost base.
Fully develop rail opportunities	● Integration of business in process.
Execute agricultural commodity strategy	● Re-engagement with business partners ongoing.
Further develop new infrastructure and logistics opportunities	● Focus on northern Mozambique and projects in Africa.
Further develop integrated approach to marketing group businesses	● Customer-focused strategy developed within the Integrated Logistics division.
Execute on fit-for-purpose, consolidated and standardised shared services across the company	● Implemented a shared-services model incorporating Human Resources, Information Technology, Procurement and Finance.
Drive compliance with key transformation requirements	● Good progress made with transformation at senior levels.
Manage strategic partnerships to facilitate execution and reduce risk	● Relentless engagement with business partners to improve operational performance.
Plan capital raising	● Successfully concluded capital raise through an accelerated book-build and consortium transaction.
Sell older handysize dry-bulk ships as new-buildings start to deliver	● Shipping fleet replacement complete. Sale of older vessels timed according to the market.

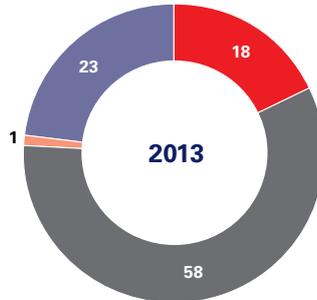
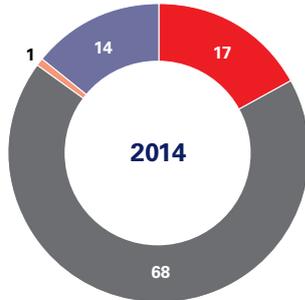
● Achieved ● Ongoing/expected

2015	
● Execute on capital projects.	● Further develop new infrastructure and logistics opportunities.
● Maximise asset utilisation.	● Further develop integrated approach to marketing group businesses.
● Drive to secure new capacities.	● Execute on fit-for-purpose, consolidated and standardised shared services across the company.
● Improve operating efficiencies and cost.	● Drive improvement in human capital management.
● Execute rail strategy.	● Drive compliance with key transformation requirements.
● Integrate and build out agricultural commodity strategy.	● Manage strategic partnerships to facilitate execution and reduce risk.

DIVISIONAL FINANCIAL PERFORMANCE

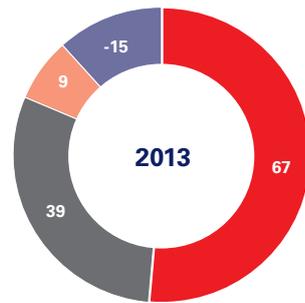
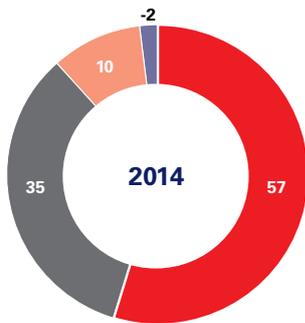
Divisional breakdown

Revenue (management) (%)



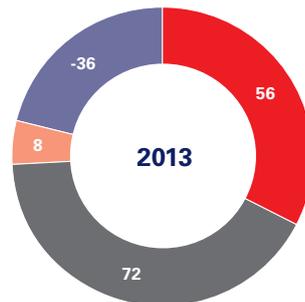
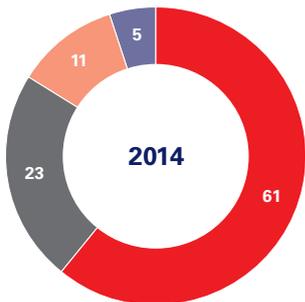
- Freight Services
- Shipping
- Financial Services
- Group

EBITDA (%)



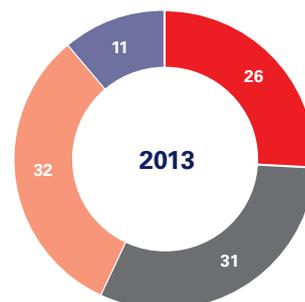
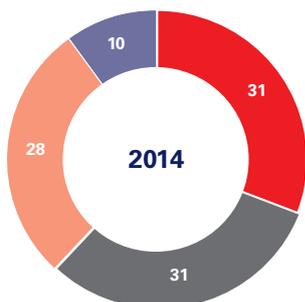
- Freight Services
- Shipping
- Financial Services
- Group

Attributable profit (%)



- Freight Services
- Shipping
- Financial Services
- Group

Total assets (%)



- Freight Services
- Shipping
- Financial Services
- Group



Freight Services

KEY RATIOS

Debt:equity ratio

0.30:1

2013: **0.22:1**

Margin

12.9%

2013: **15.6%**

Return on ordinary
shareholders' equity

11.8%

2013: **19.4%**

Return on
net assets

12.7%

2013: **18.8%**

Profit per employee

R98 000

2013: **R101 000**

	2014 Rm	2013* Rm	Growth %
Income statement			
Revenue	5 654	5 854	(3.4)
EBITDA	1 054	1 175	(10.3)
Operating income	732	913	(19.8)
Share of associate companies' profit	80	31	158.1
Attributable profit	613	659	(7.0)
Statement of financial position			
Non-current assets/investments	6 982	5 590	24.9
Current assets	3 133	2 225	40.8
Total assets	10 115	7 815	29.4
Equity	6 244	4 886	27.8
Net debt	1 849	1 094	69.0
Other liabilities	2 022	1 835	10.2
Total equity and liabilities	10 115	7 815	29.4

* Restated for Trading businesses now included in Freight Services.

DIVISIONAL FINANCIAL PERFORMANCE

continued



Shipping

KEY RATIOS

Debt:equity ratio

0.51:1

2013: **0.41:1**

Operating margin

1.0%

2013: **1.9%**

Return on ordinary
shareholders' equity

4.2%

2013: **18.9%**

Return on
net assets

7.7%

2013: **16.1%**

Profit per employee

R234 000

2013: **R1 039 000**

	2014 Rm	2013* Rm	Growth %
Income statement			
Revenue	22 106	18 472	19.7
EBITDA	639	690	(7.4)
Operating income	227	346	(34.4)
Attributable profit	224	852	(73.7)
Statement of financial position			
Non-current assets/investments	7 593	6 674	13.8
Current assets	3 568	2 540	40.5
Total assets	11 161	9 214	21.1
Equity	5 492	5 084	8.0
Net debt	2 776	2 091	32.8
Other liabilities	2 893	2 039	41.9
Total equity and liabilities	11 161	9 214	21.1

* Restated for Trading businesses now included in Shipping.



Financial Services

KEY RATIOS

Return on ordinary shareholders' equity

18.8%
2013: **17.6%**

Capital adequacy ratio

13.0%
2013: **13.1%**

Growth of
11.5%
in assets under management in 2014

Profit per employee
R691 000
2013: **R615 000**

	2014 Rm	2013 Rm	Growth %
Income statement			
Revenue	377	371	1.6
EBITDA	175	156	12.2
Operating income	171	154	11.0
Attributable profit	112	92	21.7
Statement of financial position			
Non-current assets/investments	707	598	18.2
Bank loans, advances and liquid assets	4 245	3 675	15.5
Current assets	364	351	3.7
Net cash, including debt	3 675	4 388	(16.2)
Total assets	8 991	9 012	(0.2)
Equity	998	855	16.7
Deposits	7 786	8 015	(2.9)
Other liabilities	207	142	45.8
Total equity and liabilities	8 991	9 012	(0.2)

RISK MANAGEMENT

Risk governance

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. The effectiveness of risk management efforts are 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.

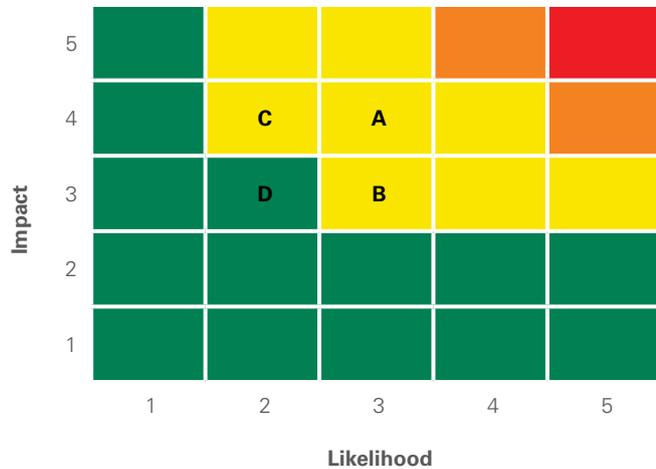
Combined assurance model

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. The audit of risks were assigned to appropriate assurance providers and the action plans that were developed and implemented by management to mitigate the risks 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 that area of operation. Risks are considered in developing business unit strategies for ultimate consideration by the executive committee and board.

Residual heat map



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 internal audit.

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.

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.

Grindrod maintains a robust system to manage risks that could impact 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.

The impacts and mitigation plans associated with the top risk areas that influence organisational sustainability and value creation are:

Risk/impact	Mitigation
Reduced commodity demand , which impacts asset utilisation and income.	A Maintenance of internal market data analysis systems, diversification across commodities and geographies, the inclusion of take-or-pay clauses in contracts and engagement with clients and suppliers to facilitate financially viable logistics solutions.
Subdued global shipping markets , which negatively influence return on assets and revenue streams.	A Continuous assessment of asset value against targeted returns, joint-venture and pooling arrangements to optimise market penetration and a replacement programme that ensures fleet efficiency in terms of cost and returns.
Political and sovereign risk , which threatens investments made in foreign countries. Expropriation of assets or concessions and political instability constitute the biggest impacts.	A Thorough country and investment assessments in terms of the group investment policy prior to board approval, including political-risk insurance where appropriate. Collaborative and consultative engagement with regional governments and communities, focused investment in social upliftment initiatives and partnerships with local businesses that are knowledgeable and reputable are integral to managing the associated risks.
Supplier and partner concentration risk , which could distort balanced and thus sustainable income across businesses in the case of a default.	B Structured engagement with relevant suppliers and partners to ensure mutual commitment and assess the possibility of default.
Loss of key management staff , which could jeopardise business continuity.	B Talent management initiatives to prepare suitable candidates for key posts and succession planning for top executives, which is monitored at board level.
Industrial action , which disrupts operations and results in loss of income.	B 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 analysis to understand and address the underlying causes that resulted in the action.
Empowerment/B-BBEE risk , which could exclude the business from sourcing and retaining customers in terms of relevant legislation and industry charters.	B Investigating and securing partnerships with like-minded B-BBEE companies through shareholding at group level or partnerships at operational level. This risk is also mitigated in foreign countries, through measures required by those countries.
Project risk , which has market, operational, financial and legal consequences.	C All projects of scale are approved by the board and managed by appropriately skilled and experienced staff members, 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.
Reputational risk , which could tarnish the market perception of the company as a reputable and dependable supplier.	C Enforcing sound governance structures to prevent adverse situations as a result of inadequate management and operational controls and a focused drive to keep stakeholders informed of business developments, both positive and negative.
Equipment failure and inefficient infrastructure , which restrict the achievement of optimum business results.	D Freight Services promotes public-private partnerships. Rail co-ordination 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. Shipping continuously replaces ageing vessels.
SHEQ risks , which can cause harm to employees, contractors and the environment and jeopardise the sustainability of the business.	D SHEQ risks are mitigated according to a SHERQ policy, through transparent structures which include the Group SHERQ Management Committee, SHERQ and legal-compliance KPIs at senior employee levels, the development of integrated ISO management systems and a rigorous incident-reporting, -investigation and remedial-action procedure which includes board involvement in the case of serious incidents.

MARKET REVIEW

Various adverse market influences combined to affect the entire Grindrod value chain.

Globally, a widely expected moderate improvement in economic activity did not materialise. In South Africa, various factors that influence supply and demand, notably the five-month platinum-sector strike in the first half of the year, caused a negative domino reaction across the local economy.

The International Monetary Fund (IMF) described the global economic recovery as uneven and adjusted its initial growth forecast for 2014 to 3.3 per cent and to 3.8 per cent for 2015. It cited short-term risks of increasing geo-political tensions, a reversal of risk spread earlier in the year and volatility compression in financial markets. The World Bank expects high-income economies to contribute approximately half of global growth in 2015, up from less than 40 per cent in 2013.

The key driver behind the Grindrod business model, namely a continued increase in demand for commodities globally, remains a sustainable force, even if economic growth remains at a subdued level.

Port and Terminals were affected by the slowing demand for coal, although its effect was offset by increasing iron ore volumes. The slowdown in economic growth in China and a slump in coal prices to break even for some local miners were the main factors influencing the lower volumes. Good iron ore demand was also impacted by a slump in prices at the year-end.

Subdued vehicle exports affected the Maputo car terminal, although the lower income was offset by increased income from storage. South African new vehicle sales declined by one per cent compared to 2013. Modest growth in this market is expected in 2015.

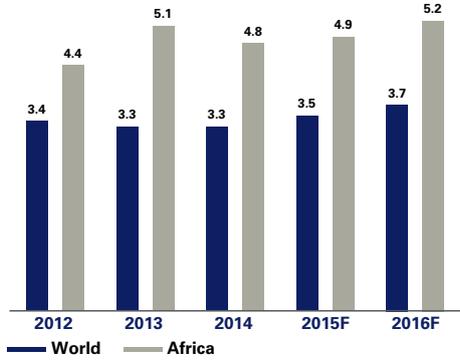
Shipping battled a subdued market. The tanker rates lifted markedly in the second half of the year as seaborne traffic in clean products increased on lower pricing.

The ban on mineral exports from Indonesia affected seaborne dry-bulk volumes, which kept rates at all-time lows. In the grain market, another major devaluation in the peso in effect stopped grain exports from Argentina.

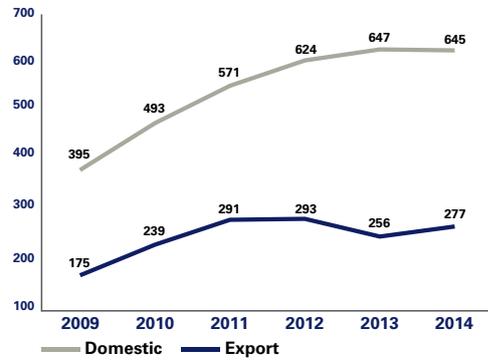
Grindrod expects dry-bulk commodity prices to remain weak in 2015, but it should not influence seaborne volumes negatively. Lower oil prices should continue to stimulate seaborne trade, changes in sea-route trends and the extent of sea-tonne miles.

Grindrod continuously monitors these market trends and manages its business against its robust risk management model to optimise its involvement in the logistics chain. The company is well positioned to react to such market changes and to exploit new opportunities where appropriate.

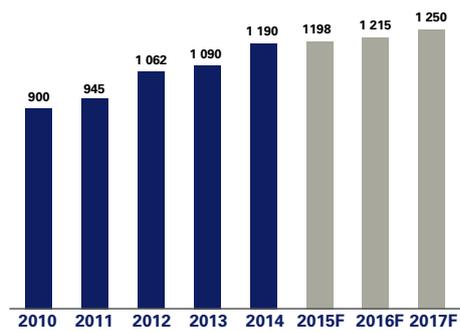
GDP growth (%)



New vehicle sales (RSA and BLNS)
(Vehicles)



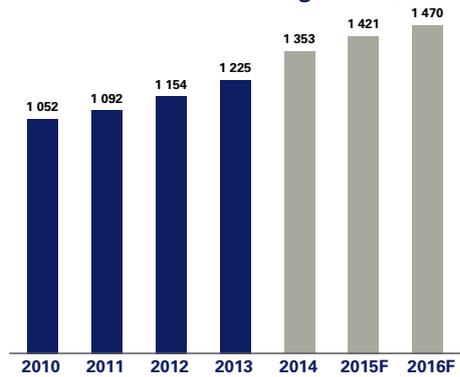
Coal seaborne trade growth (Mt)



Thermal coal price trend (US\$/t)



Iron ore seaborne trade growth (Mt)



Iron ore price trend (US\$/t)



More information on market trends is available on the website.



Freight Services



KEY ACHIEVEMENTS 2014

- LTIFR improves to 0.86 as a result of increased safety awareness initiatives.
- Maputo port volumes increase to record level.
- Improved terminals utilisation in the second half of 2014.
- Launching the GS7 locomotive, offering 80 per cent local content and heavily reduced fuel and maintenance costs.
- The automotive road carrier business returns to sustainable profit.
- Completing the integration of the ships agency joint venture under the Sturrock Grindrod Maritime brand in over 54 offices globally.

KEY CHALLENGES 2014

- Restructuring divisional management following the passing away of stalwart CEO Captain Dave Rennie.
- Coordinating increased rail allocation between South Africa and Mozambique.
- Coordinating and developing the mega-projects Freight Services expansion plans across countries and disciplines.

KEY FOCUS AREAS 2015

- Achieve increased capacity utilisation across businesses.
- Further plan and implement the Maputo port master-plan to achieve 40 million tonnes throughput by 2020.
- Expand the Richards Bay Navitrade terminal capacity from 3.2 million to 4.5 million tonnes.
- Continue to improve safety management to minimise injuries and business disruption.
- Refine and continue to plan and implement approved capital projects to increase capacity and facilitate diversification.
- Continue the strategic shift towards integrated logistics across the businesses to improve competitive advantage and benefit from pockets of expertise.

The **Maputo port** reported a continuing increase in port throughput, to a record 19.3 million tonnes from 17.3 million in 2013. Investments in additional cargo-handling equipment were made to cope with the increased volume. The decline in coal export demand through the Maputo Corridor resulted in magnetite from Phalaborwa being an anchor commodity for the corridor. 2014 realised a material growth of the rail demand from 14 trains of 60 wagons to 28 trains by the end of the year. To capture more volumes per train, a test train of 75 wagons which loads approximately 20 per cent more than the shorter train, was successfully completed in November 2014. The strategy for 2015 is to migrate all trains to 75-wagon trains in the first half of the year. The planned dredging of the port entrance and rehabilitation to some berths to accommodate panamax-sized vessels are crucial to 2020 growth objectives.

Rail launched a cost-effective shunting and short-haul locomotive, the GS7. The locomotive, developed and built by Grindrod Locomotives at its plant in Pretoria, has an 80-per cent local content and uses up to 40 per cent less fuel than equivalent locomotives, with an expected 50 per cent saving on maintenance costs.

The new-locomotive order book was low, but was offset by an increase in revenue from leased units. Track-construction activities were subdued due to delays in execution of rail construction projects in the current economic climate.

Terminals performed well, although volumes were under pressure in the first half of the year due to the reduced coal volumes and prices, and a reduction in vehicle transportation. Record throughput of volumes was recorded in the second half of the year at GML, Richards Bay Terminal and MPDC.

The construction of the planned 230 000m³ petroleum-products terminal in the port of Ngqura (Coega) continues to be delayed through inability to obtain approval for appropriate tariffs from the National Energy Regulator of South Africa (NERSA).

Carrier Logistics continued to address the challenges related to over-traded road transportation conditions as a result of reduced new-vehicle output, notably in the first three quarters of the year, and the million-litres-an-hour Transnet fuel pipeline between Durban and Heidelberg.

Following a six-year loss period, the Grindrod Automotive Carrier Logistics business returned to profit, despite industrial action, as a result of the successful implementation of a comprehensive and

far-reaching turn-around strategy, incorporating stringent control and operational monitoring mechanisms, including the reduction of the fleet of vehicles. The Fuelogic South Africa business is expected to return to profitability during 2015 following a similar approach implemented in the second half of the year, which included an aggressive fleet-reduction programme.

The fuel-transportation business in Botswana, Petrologistics, also operating into Namibia, reported its maiden profit. In Mozambique, Fuelogic, which Grindrod owns 70 per cent, commenced operations and began recording profit during the second half of 2014.

Integrated Logistics completed the integration of the ships-agency businesses of Sturrock Grindrod Maritime (SGM), which is now in a good position to further expand its services and compete multi-nationally.

The Röhlig-Grindrod clearing and forwarding agency performed satisfactorily. The business has low margins and is exploring an extension of its services based on the factory-to-retail business model.

Grindrod Intermodal, managing ten facilities in South Africa and one in Mozambique, continues to explore geographical expansion options and consolidation to counter the reduction in volumes due to decreasing demand in the current climate, especially within the mining and minerals sectors. Management was restructured according to commodity rather than region to improve service delivery to customers.

Vanguard, an abnormal transport, heavy-lift and relocation and installation company, also addressed challenges relating to a reduction in economic activity in its field of expertise and is investigating additional avenues of revenue in its mature and respected business.

Agricultural Logistics

Senwes and NWK saw improved volumes off the back of improved crop harvests following better rainfall. The bigger harvest affected maize prices adversely. Both businesses carried out interventions to address poor profitability of their operations outside South Africa.

Industrial Logistics

Oreport delivered a good performance, despite the weak commodity markets.

Shipping



KEY ACHIEVEMENTS 2014

- Total number of owned, partnership and long-term chartered vessels of 35.5 (2013: 37.5).
- Conclusion of the dry-bulk fleet renewal and expansion programme of 12 owned and six long-term chartered vessels ordered at historically low prices from Japanese shipyards.
- At year-end, five vessels had been delivered with the remaining 13 to be delivered during 2015 and 2016.
- A renewal of a multi-year parcel-service contract with a major commodity trader delivering to the Mediterranean and the Far East.
- Securing a long-term contract for the transport of bulk commodities from South Africa and the Persian Gulf into Madagascar.

KEY CHALLENGE 2014

- Responding to market fluctuations in more subdued markets than anticipated.

KEY FOCUS AREAS 2015

- Capitalise on expected rising seaborne volumes, despite weak commodity prices.
- Analyse and manage changes in seaborne routes to optimise vessel utilisation.

Shipping is optimally geared for sustainable operations following its focused investment in expanding its fleet with new-generation fuel-efficient vessels during the past two years. In 2014, the fleet grew by three eco-friendly vessels and five ageing vessels were sold, or charters terminated, decreasing the net fleet to 35.5 vessels (2013: 37.5). An additional nine newbuildings are on order, with delivery scheduled for 2015 and 2016.

The fleet expansion and replacement programme ensures that the division remains in the lower cost quartile of shipping service providers and well prepared for evermore stringent environmental regulations.

Island View Shipping took over the commercial management of all dry-bulk carriers to improve operational efficiency. The new eight-year contract to transport bulk commodities into Madagascar will enhance utilisation.

Dry-bulk rates increased from the fourth quarter in 2013 into the first quarter of 2014, and then dropped markedly as the market had to contend with reductions in volumes due to unforeseen developments, such as the Indonesian ban on minerals exports, a reduction in Chinese coal imports and a reduction in Argentinian grain exports due to the devaluation of the peso.

Unicorn Shipping benefited from earnings from tankers in the Vitol pool, which exceeded average spot rates for the year.

Liquid-bulk rates were under pressure for most of the year due to uncertainty about the effects of increasing shale-gas exploration on the seaborne fuel trade, decreased fuel imports in the US and over-capacity as a result of new-build medium range product tankers being delivered. However, during the fourth quarter of 2014 the rates significantly improved ahead of the European winter.

Ship-operating services performed well, and the renewal of the multi-year parcel-service agreement was concluded.

Seafreight reported solid results from its ship-operating services. OACL increased its chartered container feeder fleet from three to four vessels and extended its service to cover the ports of Maputo and Beira in Mozambique. The service now connects all major ports in Namibia, South Africa and Mozambique. OACL acquired two more container-handling facilities at Maydon Wharf and increased its terminal capacity to 7 500 TEU.

Cockett Marine Oil reported satisfactory results. Its margins are not materially affected by the lower fuel price, which is expected to stimulate seaborne trade and thus volumes.

Analysis of long-term vessel earnings is summarised below:

	Bulk carriers			Tankers			2014 Total	2013 Total	Growth %
	Handy-size	Supra-max	Cape-size	Medium range	Small	Chemical			
Average number of owned/long-term chartered ships ¹	16.5	1.2	2.4	9.8	4.5	1.0	35.4	35.4	-
Average daily revenue (US\$)	8 600	8 800	25 500	13 100	9 200	18 800	11 300	12 100	(6.6)
Average daily cost (US\$)	10 000	15 400	22 600	14 000	12 600	17 200	12 600	13 000	(3.1)
US\$ million profit ²	(8.7)	(2.8)	2.6	(3.1)	(5.7)	0.5	(17.2)	(10.7)	(60.7)

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.

Dry-bulk rates at 16 February 2015 were as follows:

	Spot rates (US\$ per day)	One-year charter rates (US\$ per day)	Three-year charter rates (US\$ per day)	Average spot rates 2014 (US\$ per day)	Average spot rates 2013 (US\$ per day)
Handysize	3 943	7 250	7 750	7 681	8 179
Panamax	4 034	7 500	9 450	7 718	9 472
Supramax	5 024	7 500	8 500	9 818	10 275
Capesize	4 937	10 875	11 750	13 800	14 580
Tanker charter rates at 16 February 2015 were as follows:					
Medium range	16 666	15 000	15 250	12 323	13 226
Small	10 500	11 500	13 250	**	**

Source: Clarksons Research – Shipping Intelligence Network.

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



Financial Services

KEY ACHIEVEMENTS 2014

- Attributable profit increased by 21.7 per cent.
- Assets under management grew by 11.5 per cent to R13.7 billion.
- Continued success in SASSA debit-card transactional capability.
- Establishing the Blue Fund in partnership with the Wildlands Conservation Trust to focus on the conservation of coastal and marine ecosystems and the sustainable development of coastal communities.

KEY CHALLENGES 2014

- Bedding down stakeholder relationships after the withdrawal of the Bidvest offer to buy the business.
- Evaluating the potential effects of the SASSA Net1 debit card contract being submitted for retender following the Constitutional Court ruling.

KEY FOCUS AREAS 2015

- Continue to drive focused and incrementally executed business growth and diversification.
- Obtain private-sector buy-in to the Blue Fund to increase the impact of its projects on coastal conservation and community development.
- Grow the presence in the Exchange-Traded Fund (ETF) market.

Investment Banking continued to achieve strong results in its corporate and property private equity portfolios. In the UK, the division secured partnership commitments of £70 million to further build its industrial property portfolio. With current investments and appropriate gearing, a total investment pool of £240 million is available. Locally, expansion into new property developments, geared to tenants’ needs, is continuously being investigated.

Capital Markets introduced two smart-beta ETFs under licence of S&P Dow Jones Indices, the Grindrod S&P SA Low Volatility ETF and the S&P SA Dividend Aristocrats ETF. Its other ETFs are the PropTrax SAPY, PropTraxTen and a PrefTrax ETF and the bank is evaluating the launch of additional ETFs under a Grindrod-registered Core Shares brand.

Treasury and lending services continued to operate profitably, with a substantial increase in deposits, a net-interest income above target and a very low incidence of bad debt.

Corporate Finance recorded somewhat disappointing results due to the low level of activity in mergers, acquisitions and listings.

Retail showed a solid profit in its card-transaction services, demonstrating the integrity and reliability of the service rendered in partnership with Net1. SASSA-card activity continues to constitute some 30 per cent of ATM transactions in the country. The bank obtained an ATM-acquiring licence and is in the process of finalising a business model to establish a network of ATMs.

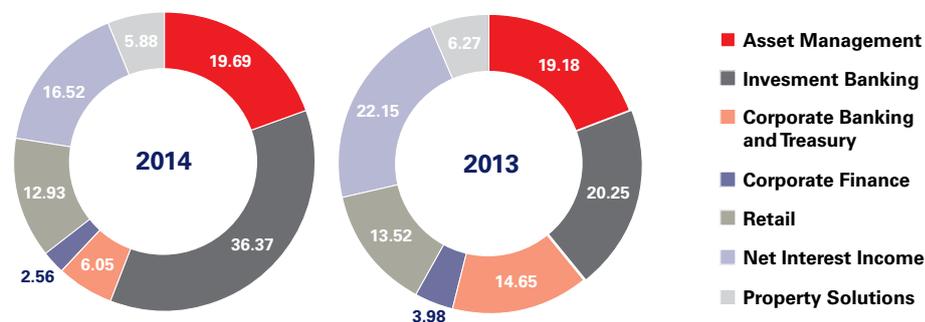
Grindrod Asset Management achieved growth of 11.5 per cent in assets under management in 2014. It manages the assets of ten local and two international CIS funds in various asset-class categories. Specifically, funds managed in accordance with the Payers and Growers™ strategy were successful over the year with the following total returns and rankings:

- Grindrod Stable Growth: 14.37 per cent and third out of 93 funds;
- Grindrod Managed Growth: 18.35 per cent and third out of 110 funds;
- Grindrod Equity Income Growth: 20.72 per cent and third out of 124 funds;
- Grindrod Global Property Income: 34.62 per cent and first out of seven funds;
- Grindrod Global Income Growth: 12.55 per cent and third out of 18 funds; and
- Grindrod High Income: 7.56 per cent and tenth out of 63 funds.

In addition the Grindrod Balanced Fund’s total return in 2014 was 15.15 per cent, placing it fifth out of 110 funds in its category.

Stockbroking was launched in 2013 and increased the discretionarily managed assets under its control to R713 million from R588 million in 2013.

Revenue contribution by division (%)



Financial capital



Financial capital describes any economic resource measured in terms of money, which is used by businesses to buy what they need to make their products or to provide their services. The Grindrod strategy is to invest financial capital in assets that will achieve short-, medium- and/or long-term returns, which add sustainable value to its stakeholders and appropriately reward its shareholders for their investment in the company. The development, expansion and maintenance of infrastructure to improve and expand its integrated logistics solutions globally and into Africa require significant capital investments.

KEY ACHIEVEMENTS 2014

- Geared for infrastructure expansion through a R4.0 billion capital raise to fund planned investments of R10.0 billion, which included a R1.6 billion B-BBEE consortium transaction.
- Retained earnings increased by 9.9 per cent to R8.9 billion.

KEY CHALLENGES 2014

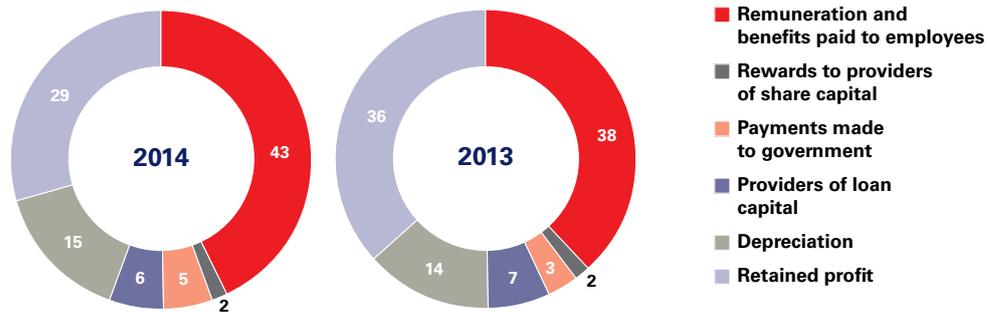
- Managing the implementation of financial strategies to derive maximum leverage from financial capital.
- Improving return on investments through the rationalisation of at-risk operations across the group.
- Minimising the financial impact of closing the Atlas trading business.
- Achieving internal investment hurdle rates.

KEY FOCUS AREAS 2015

- Safeguard financial capital through the efficient management of large infrastructure projects.
- Optimise the SAP installation to improve cost containment across businesses.
- Manage the impact of fluctuating exchange rates.

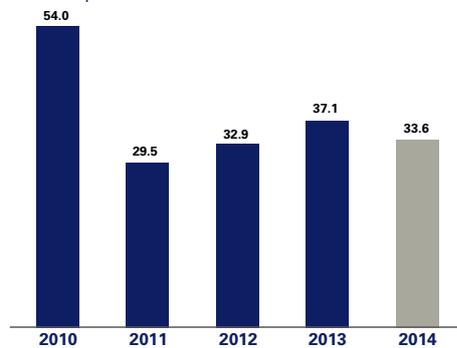
Value added

Distribution of wealth (%)

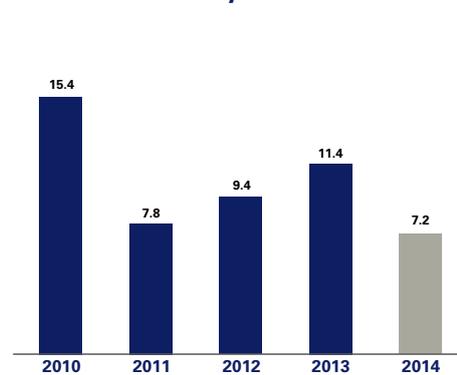


	2014 Rm	2013 Rm
Total wealth created	3 632	3 373
Remuneration and benefits paid to employees	1 557	1 287
Rewards to providers of share capital	59	55
Payments made to government	191	112
Providers of loan capital	217	223
Depreciation and amortisation	547	463
Retained profit	1 060	1 233

Ordinary dividend per share
(cents per share)



Return on ordinary shareholders' funds (%)

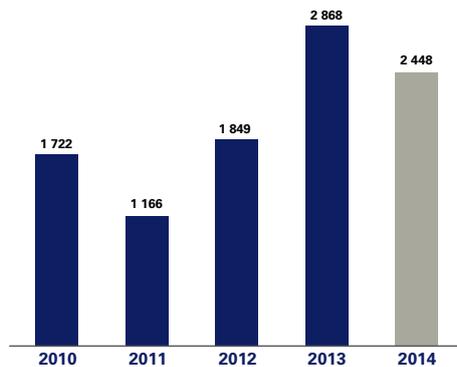


More information on financial capital is available in the financial director's report – page 48.

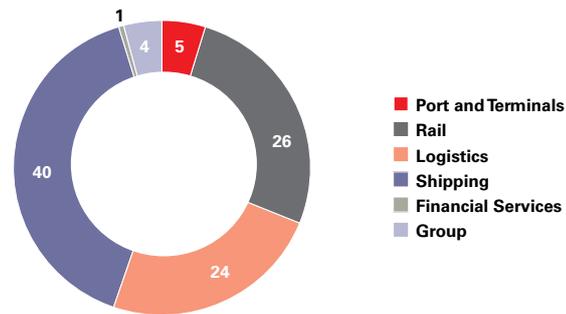


Capital investment – ‘growing our manufactured capital’

Capital expenditure (Rm)



Capital expenditure by business area (%)



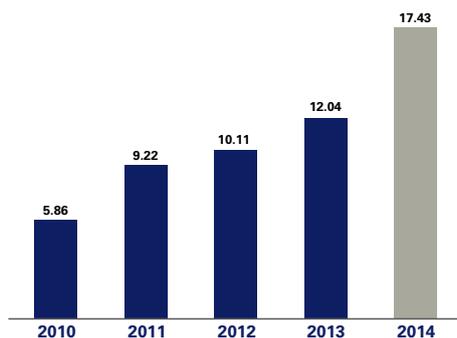
The capital raise enabled Grindrod to continue with its capital expenditure programme. The raise included a consortium transaction for the purchase of B-BBEE partners' equity at operational level for R693 million. During 2014, R2.45 billion capital expenditure was incurred, focusing on the company's developments in the port of Maputo and the Matola and Richards Bay terminals. Capital commitments for 2015 total R520 million and R307 million for 2016. At year-end, cash assets totalled R7.4 billion, which, with gearing, will be used to fund infrastructure expansion plans of R10 billion over the forthcoming years.

Investments into capital projects are measured against project IRR investment hurdle rates (hurdle rates). The company's weighted average cost of capital (WACC) calculation and hurdle rates are reviewed to ensure they are reflective of current market conditions and outlook. The hurdle rates are 18 per cent for high risk, 15 per cent for medium risk and 12 per cent for low risk. Furthermore, the financial performance of capital projects are assessed against the hurdle rates one year post commencement to ensure the viability of the projects.

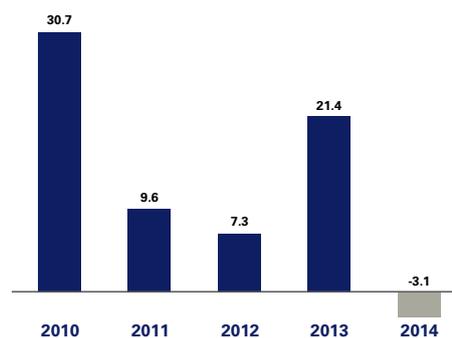
Key to its expansion plans are the following large capital projects:

- Improving access to the port of Maputo to accommodate panamax vessels by deepening the channel to achieve the 2020 port objective of an annual 40-million-ton throughput and rehabilitating three berths to increase the utilisation of its terminals.
- Building a petroleum-products terminal with a 230 000m³ capacity in the port of Coega, with the tariff licence to be finalised with NERSA.
- Incrementally increasing the capacity of the Grindrod Navitrade coal terminal at Richards Bay from 6.1 million to 20 million tonnes a year.
- Investing in rail infrastructure to optimise Grindrod concessions in Zambia and Zimbabwe and improving group involvement in the north-south corridor between South Africa and the DRC.
- Investment in the Shipping fleet renewal programme to optimise returns over the long term, including complete instalment payments on the newbuildings.

Shareholders' equity (Rbn)



Net interest-bearing debt to total shareholders' interest (%)





Manufactured capital

Manufactured capital comprises goods and infrastructure that organisations own, lease or control to generate income. Grindrod's key investments in manufactured capital are in its areas of business – port, terminals, rail, logistics and shipping – and are aimed at improving its integrated value chain along logistics corridors in which it operates and expanding its reach into under- or non-utilised corridors.

KEY ACHIEVEMENTS 2014

- Achieving record throughput of 19.3 million tonnes for the year through the port of Maputo.
- Increasing the volumes through Grindrod's Maputo terminals.
- Delivery of three new eco-friendly vessels with nine more owned/joint-venture vessels to be delivered.
- Launching the GS7 locomotive, with 80 per cent local content and heavily reduced fuel and maintenance costs.
- Successfully completing the intermodal container depot in Maputo in partnership with Dubai Ports World.

KEY CHALLENGES 2014

- Improving capacity utilisation across all business infrastructure and improving commodity diversification to counter subdued demand.
- Managing locomotive and rail-construction capacity to accommodate delays in the implementation of third-party projects in the pipeline.
- Effectively downsizing the Carrier Logistics fleet to adapt to the over-traded market.
- Proactively managing the exit from the agricultural trading business to minimise adverse market impacts.

KEY FOCUS AREAS 2015

- Project-manage large infrastructure expansion projects to achieve predictable, sustainable returns.
- Further maximise asset utilisation.
- Monitor liquid-bulk returns in a period of uncertainty regarding the full effects of shale-gas production on seaborne fuel volumes and newbuilds going to sea.

MANUFACTURED CAPITAL continued

Infrastructure review

Grindrod assets are managed to achieve optimum utilisation of its investments. Planning and management do not centre on single investments – the value chain is planned, developed and expanded to ensure a smooth logistics flow from origination to destination, through corridors and across borders to ensure the sustainability of services to the benefit of provider and user.

Terminals capacity and utilisation

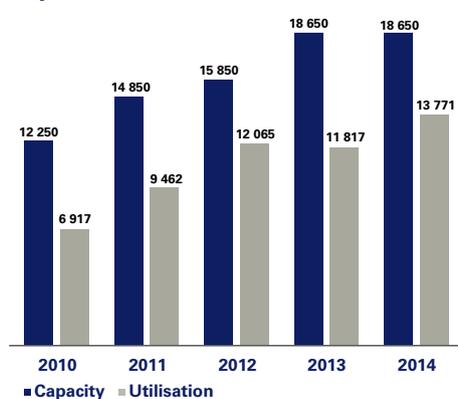
	Note	2014	2013	% change	Existing capacity	Existing plus capacity under construction
Terminal						
Dry bulk (tonnes)		13 770 729	11 816 561	16.5	18 650 000	18 650 000
Matola coal and magnetite terminal	1, 2	4 076 779	3 333 964	22.3	7 300 000	7 300 000
Richards Bay	2	3 892 742	3 860 196	0.8	6 100 000	6 100 000
Maydon Wharf (Durban)		824 896	853 272	(3.3)	700 000	700 000
Walvis Bay (Namibia)		291 450	383 682	(24.0)	550 000	550 000
Maputo sized-coal terminal	2	4 684 862	3 385 447	38.4	4 000 000	4 000 000
Liquid bulk (m³)		174 671	171 475	1.9	260 000	325 000
Durban		99 150	90 600	9.4	140 000	185 000
Cape Town		75 521	80 875	(6.6)	120 000	140 000
Maputo automotive (number of vehicles)		60 888	71 368	(14.7)	120 000	120 000

Notes:

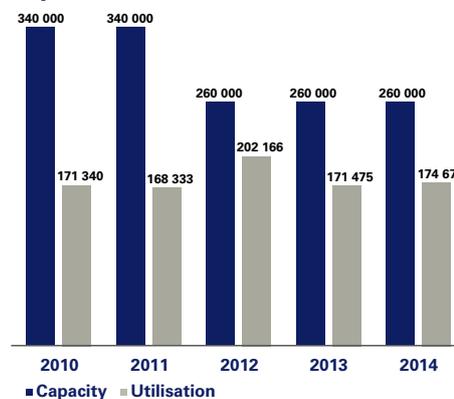
¹ Matola coal and magnetite terminal in Maputo expanded by 1.3 million tonnes to 7.3 million tonnes in 2013.

² Physical tonnage, excluding take-or-pay volumes.

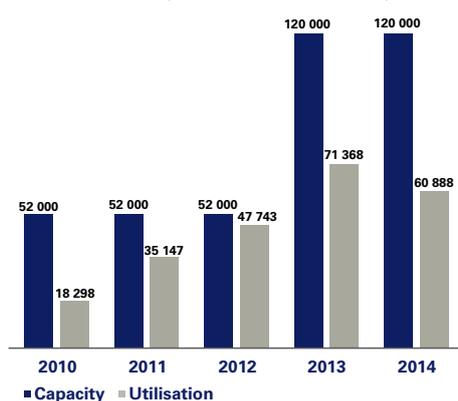
Dry-bulk terminals ('000 tonnes)



Liquid-bulk terminals (m³)



Car terminal (number of vehicles)



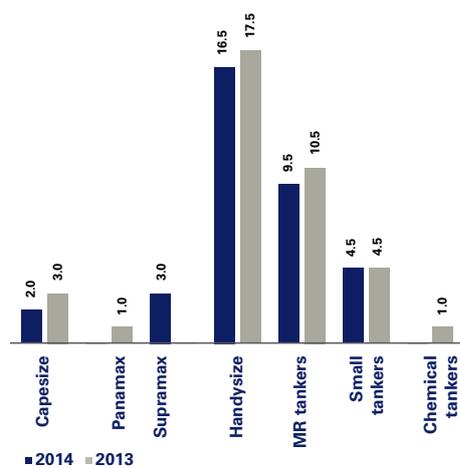
	Total capacity		
	2014	2013	% change
Integrated Logistics – warehouse capacity			
Röhlig-Grindrod – Warehouse capacity (m ²)	20 300	20 300	0
Intermodal – Warehousing and mining minerals (tons)	174 000	162 000	7.4
Intermodal – Container depot capacity (TEU)	27 500	27 500	0

	2014	2013	% change
Rail			
Locomotives manufactured and completed in the year	25	31	(19.4)
Locomotives held as assets	76*	65	16.9

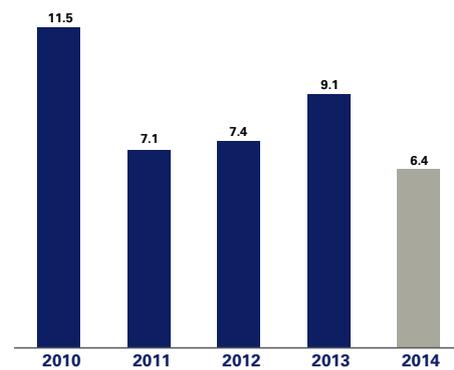
* Includes 18 locomotives held in GPR Leasing JV.

	Number of vessels			Total capacity (dwt)		
	2014	2013	% change	2014	2013	% change
Shipping fleet (owned and long-term chartered)						
Bulk carriers	21.5	21.5	–	1 058 607	1 144 240	(7.5)
Tankers	14.0	16.0	(12.5)	509 200	588 900	(13.5)

Shipping fleet



Return on net assets (%)



More information on manufactured capital is available on the website.





Intellectual capital

Intellectual capital refers to the intellectual property or the knowledge within a business and the people who can exploit and increase it to gain a competitive advantage and grow the business. In assessing the wealth of a company, the value of intellectual capital is often equated to the amount by which the market value of a company exceeds its assets. The success Grindrod achieves in developing, managing and expanding sustainable products and services is attributed to the knowledge and experience of people who bring focused expertise to manage the diverse interests that collectively provide integrated logistics solutions.

KEY ACHIEVEMENTS 2014

- Collaborating with business partners to improve Terminal volumes.
- Exceeding global shipping spot market rates through the application of specialised knowledge base.
- Developing and managing niche financial products that exceed industry benchmarks.

KEY CHALLENGES 2014

- Driving successful strategy implementation by unlocking the full potential of Grindrod's human capital.

KEY FOCUS AREAS 2015

- Improve the proactive approach to leadership, management and employee development to match skills requirements to the objectives of the 2015 business strategy.
- Proactive collaboration and growth of intellectual knowledge within the group to promote competitive positioning.



More information on intellectual capital is available on the website.

Governance structures



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The Grindrod business model is based on sound governance structures to achieve its objective of creating sustainable, long-term value for its stakeholders. The drivers of good governance – which include core values included in the Code of Ethics, accountability, transparency, fairness, integrity, professionalism and respect – are underpinned by four Grindrod pillars of sustainability: health and safety, people, the environment and communities.

The pillars embed the principles of the sustainable management of social and natural capital in a systematic way and in line with the precautionary approach through risk management and continuous improvement initiatives. They acknowledge that the health and safety of employees, contractors and visitors are of paramount importance and cannot be compromised, that people are respected on principles entrenched in the Universal Declaration of Human Rights, that the adverse impact of Grindrod activities on the environment should be minimised and that relationships with the communities within which the company operates should respect their human rights, culture and customary livelihoods.

All strategies and projects take cognisance of risks that may threaten the sustainability of the business. Identified risks are managed through group and divisional risk registers, in which they are prioritised in terms of their likelihood and their effect on the sustainability of the business, with appropriate mitigation measures.



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Information technology

Information technology is a key enabler in the centralisation and dissemination of knowledge to aid informed, relevant and efficient decision-making. IT services are governed by two steering committees, one at Grindrod and one at Grindrod Bank, reporting to the audit committees.

The establishment in 2013 of a Corporate Services division at Grindrod aims to centralise IT, HR and supply-chain systems to eliminate duplication of support services at businesses, improve integrated and standardised management of support functions and increase efficiency by consolidating fragmented centres of excellence to the benefit of all businesses.

In the first half of 2014, the IT focus was on implementing operational systems for financial management, operational management and project delivery. SAP systems for Finance and head office went live and the support of Shipping systems was transferred centrally.

The consolidation of legacy and payroll systems at businesses will continue in 2015, as will the expansion of IT systems to achieve business targets in terms of security, control and reporting.

Training and development

Training and development comprise formal training, professional development and on-the-job coaching, internally and through external service providers. Training spend in 2014 amounted to R17.4 million (2013: R18.0 million).

Employees attended 3 456 training interventions (2013: 7 702), of whom 86 per cent (2013: 88 per cent) were designated employees.

The shortage of qualified and competent artisans is addressed through discretionary grant funding by the Transport Education and Training Authority (TETA) at an accredited trade school.

Grindrod gives selected graduates the opportunity to complete a National Certificate in Generic Management NQF5. Of the contracted 14 graduates (2013: 18), eight are now employed at Grindrod (2013: 14).

The Grindrod Graduate Opportunity and Leadership Development (GOLD) programme is a leadership development and transformation initiative that gives recently graduated employees the opportunity to build competence across the businesses under the guidance of a programme manager, line managers and mentors. In 2014, 14 employees completed the GOLD programme (2013: 18).

In 2014, 204 learners (2013: 237), of whom 76 per cent (2013: 92 per cent) were from designated groups, attended learnerships.

Grindrod is actively involved in the development of maritime skills through:

- The Unicorn Maritime Training Academy, which trained 2 108 seafarers (2013: 2 030), of whom 156 (2013: 258) were employed by Unicorn. The training is SAMSAs-accredited and internationally recognised.
- The Grindrod cadet training scheme for navigation and engineering officers, attended by 14 cadets (2013: 24), of whom three were black and two female (2013: 12 black and four female).
- The National Cadet Training Scheme, administered on behalf of SAMSAs by the SA Maritime Training Academy (SAMTRA), for which Grindrod provided 10 training berths (2013: 10) on its vessels.



Human capital

Human capital comprises the collective knowledge, talents, skills, experience, judgement and wisdom of a grouping of individuals. This collection of resources determines the total capacity of the group to accomplish goals. Grindrod employees represent a diverse and rich population and the company invests in human capital in order to improve people's ability to achieve their business objectives and improve their professional, personal and social skills.

KEY ACHIEVEMENTS 2014

- Significant improvement in Freight Services LTIFR to 0.86 lost-time injuries per 200 000 hours worked (2013: 1.31) and Shipping 0.26 (2013: 0.29).
- Good progress with restructuring human resources (HR) functions across the group into a centralised fit-for-purpose shared-services model to achieve uniform, best practice in human capital management, aligned with group strategy and objectives.
- On target with the integration of HR master data on the SAP human capital management module.

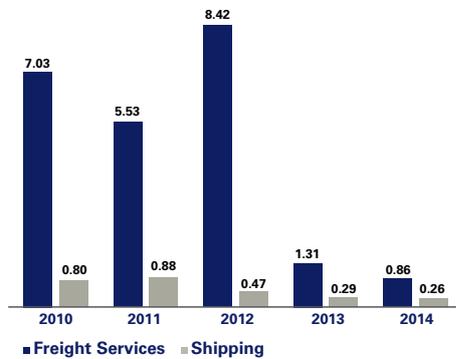
KEY CHALLENGES 2014

- Continued to entrench safety principles and procedures to reduce safety breaches.
- Developing systems to adhere to occupational health requirements.
- Managing the conversion of HR support services at operations to a shared-services model to add value through uniform structures and policies.
- Improving the proactive approach to leadership and management development to match skills requirements to the objectives of the 2014 business strategy.

KEY FOCUS AREAS 2015

- Complete the migration of all wholly-owned group companies' employees, within and outside of South Africa, onto the SAP HCM system.
- Embed the Employee Services offering and implement the talent-management module, which is crucial to the stability of the business through the growth phases planned for the next few years.

LTIFR (%)



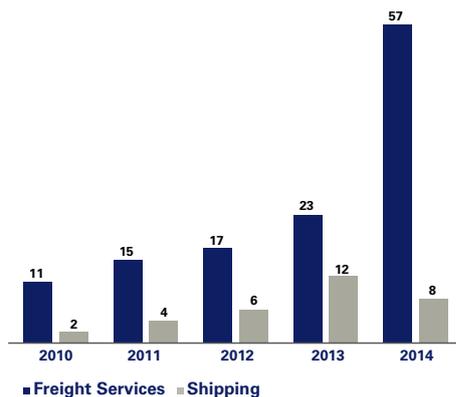
Prior to 2013, LTIFR was calculated using 1 000 000 man hours. LTIFR is now calculated using 200 000 man hours.

34%

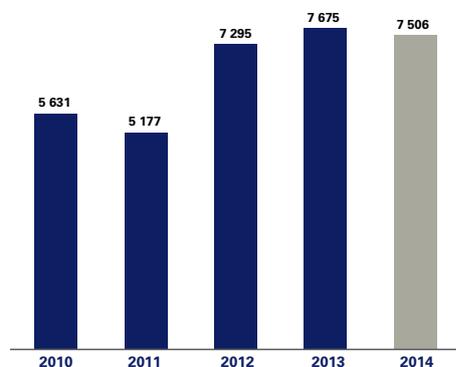
improvement in Freight Services LTIFR

2014: **0.86** 2013: **1.31**

OHS spend (Rm)



Employees



HR services, a component of the Corporate Services division which was established in 2013 to optimise the delivery of support services to all businesses on a shared-services basis, is on target with the implementation of its new operating model.

The new system is based on the SAP HCM module, which houses standardised employee master data for, among others, organisational structures, job and competency descriptions, payroll services, KPIs and talent management. By year-end, most Grindrod and wholly-owned subsidiary employees had been migrated to SAP, with employees of most businesses outside South Africa in the process of migration to SAP systems in five countries.

The previously fragmented HR administration and payroll services are being harmonised into a group-wide employee services unit, which also manages an employee self-service portal for leave administration and pay advice for employees who have already migrated to SAP.

Accurate group-wide HR reporting has been achieved, with non-SAP businesses feeding their data into the HCM module on a monthly basis. This provides consolidated HR information across the globe on head count, employee movements, salary and overtime cost, transformation and leave movement and liability.

A labour-relations blueprint has been developed and configured on SAP, to generate group-wide employee relations (ER) reports to facilitate a proactive labour relations strategy. Some 15.2 per cent of employees (2013: 13.6 per cent) belong to 13 unions (2013: nine) and 8.2 per cent (2013: 13.6 per cent) to three bargaining councils.

More information on human capital is available on the website.



Safety and health

	2014	2013
Key performance indicators		
Freight Services		
Safety and health spend (R'000)	56 545	22 896
Medical treatment cases	114	161
Lost-time incidents	68	109
Fatalities	1	2
LTIFR	0.86	1.31
Shipping		
Safety and health spend (R'000)	7 842	11 828
Medical treatment cases	–	2
Lost-time incidents	8	8
Fatalities	–	–
LTIFR	0.26	0.29
Financial Services		
Safety and health spend (R)	5 546	–
Medical treatment cases	2	–
Lost-time incidents	–	–
Fatalities	–	–
LTIFR	–	–

Regrettably, Grindrod suffered a fatality at the Bremen Road Intermodal depot when an employee was struck by a large fork-lift stacker. The incident was duly reported and investigated and steps taken to entrench the safety rule that was breached as well as all procedures related to man-machine interaction.

2014 saw significant reductions in safety-related incidents, despite the diversity of risks being managed at businesses. Safety training will be intensified and all new businesses will be incorporated into the Grindrod safety management system. The improvement in safety achievements is underpinned by increased executive involvement in safety structures and procedures through the safety, health, environment, risk and quality (SHERQ) management committee, chaired by the CEO, and management involvement in divisional SHERQ committees. At businesses, safety is guided by monthly meetings, from shopfloor to management level, and the incorporation of safety as a KPI at management level.

Contractor safety is managed through a structured online tool and contractor safety statistics are included in the Grindrod database.

The requirements for the mandatory occupational health certificate of fitness, which includes annual health examinations, form the basis for ensuring a healthy and fit workforce. Tests are adapted across the businesses to include location-specific risks.

An Ebola response plan has been introduced to guide businesses operating in affected countries in Africa in dealing with a suspected ebola case, as well as prevention measures for Shipping vessels docking at ports in affected countries.

A computerised system to improve group-wide management and reporting is being implemented and will be fully operational in 2015.

Transformation

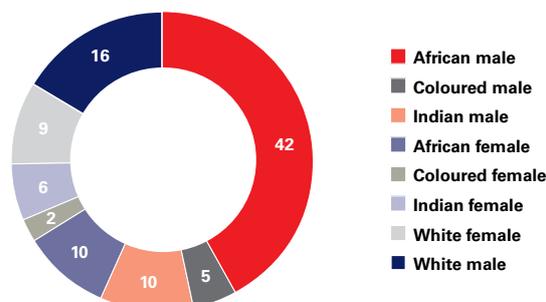
Good progress was made in improving transformation at board and executive levels, through the appointment of Mrs Tantaswa Fubu, a black female independent non-executive director, and the promotion of Ms Bongwiwe Ntuli, the Executive: Corporate Services to CEO of Port, Terminals and Rail.

Grindrod favours the appointment of designated directors, executives and senior managers to replace retirees or fill vacancies, but will, rather than promoting mere demographic representation, appoint the most suitable candidate to ensure continued strategy implementation.

Several initiatives, such as the GOLD programme, are in place to internally develop designated graduates and high-potential employees to progress into management.

Some 78 per cent of employees are designated employees (2013: 79 per cent).

Demographics (%)



Social and relationship capital



Social and relationship capital describes the value an organisation builds through engagement and information-sharing with stakeholders to achieve mutual wellbeing. Grindrod recognises that engagement facilitates trust and understanding, which enhances the ability of all stakeholders to achieve their objectives in a mutually beneficial way.

KEY ACHIEVEMENTS 2014

- Over-subscribed book-build following proactive engagement with the investment community.
- Increased engagement with key strategic stakeholders to improve mutual understanding of business challenges and objectives.
- Continued, sustainable results from a R1.8 million investment Grindrod made in 2014 through its empowerment partner Adopt-a-School.

KEY CHALLENGES 2014

- Proactive and structured engagement with various key strategic partners to facilitate optimum capacity utilisation across the businesses.
- Engaging with customers and suppliers to improve understanding of the mutual benefits of centralising financial management on SAP.

KEY FOCUS AREAS 2015

- Continued, focused engagement with key strategic suppliers to reduce concentration risk.
- Improve customer sustainability by facilitating the negotiation of competitive rates with key suppliers.
- Engage with key business partners to successfully implement strategic projects.
- Structured engagement with operational stakeholders to promote maximising asset utilisation.
- Focused investments in education-related projects.

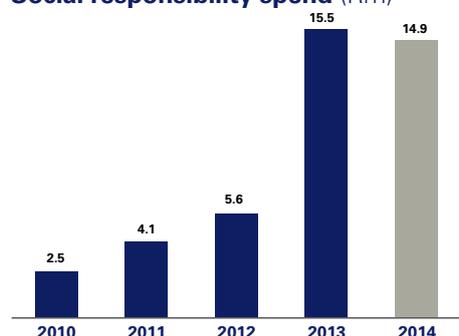


More information on engagement with stakeholders is available on page 44.

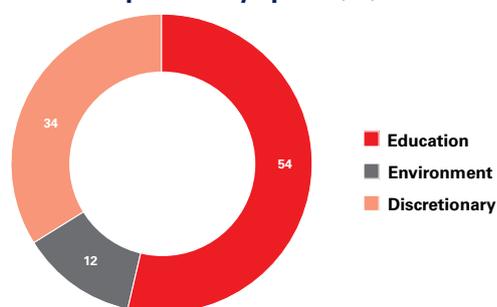
SOCIAL AND RELATIONSHIP CAPITAL

continued

Social responsibility spend (Rm)



Social responsibility spend (%)



Social responsibility

Grindrod social investment is traditionally focused on education projects in previously disadvantaged communities.

Education projects are funded mainly through its empowerment partner Adopt-a-School, a non-profit organisation that selects deserving schools to be adopted for a five-year period. Grindrod contributes to improved tuition and infrastructure at four adopted schools. Adopt-a-School is now a Grindrod shareholder, giving it the benefits of dividend income and capital growth.

The company also supports external and internal bursary schemes and the READ Education Trust. In Mozambique, Grindrod supports the Zizile Foundation, an organisation established by Graca Machel to support schools and initiatives for the development of children.

In 2014, Grindrod contributed to the Wildlands Conservation Trust, which focuses on the conservation of coastal and marine ecosystems and the sustainable development of coastal communities, for upliftment projects in the communities around Richards Bay Terminal.

Grindrod Bank established the Blue Fund in partnership with the trust, with each partner committing R1 million a year for five years. R1.2 million was donated to the trust.

Total social spend amounted to R14.9 million (2013: R15.5 million).

Stakeholder engagement

Grindrod remains committed to transparent and proactive engagement with stakeholders to optimise its investments in financial, manufactured, intellectual, human, social and relationship and natural capital. Stakeholders and engagement objectives comprise:

- **22 721 ordinary** and **2 312 preference shareholders** and the **investment community** – kept informed of financial and operational news through circulars, meetings, dividend announcements, interim and final results announcements and presentations, the annual general meeting and the integrated annual report. Shareholder feedback on resolutions at the annual general meeting forms a basis for structured improvement.
- **7 506 employees** on six continents – continuous engagement, which starts with induction at appointment, on business performance, career and personal growth, personal performance and talent management. The engagement initiatives at group and business level include meetings, company news updates, employee functions and personal wellness assurance initiatives.
- **13 unions** and **three bargaining councils** – maintaining an open-door policy with unions (to which 15.2 per cent of employees belong) and bargaining councils (8.2 per cent) to ensure the wellbeing of employees and negotiate wage increases.
- **Almost 3 000 customers** within integrated supply chains – engaged through events and written communication to ensure that Grindrod strategies and operations remain aligned to customer requirements and delivery expectations. Communication with customers includes news on developments in the businesses that serve them and awareness of additional services available within the Grindrod value chain.
- In **excess of 5 000 suppliers** in the procurement chain – personal engagement and news updates to ensure that procurement is managed transparently, based on quotations or tenders and suitable quality-control measures. Specialised vendors are engaged at operational level to ensure optimum supply outcomes.
- **43 countries**, each with local and national governments, infrastructure authorities, governing bodies and labour and social requirements – Grindrod engages with these stakeholders to promote and maintain sustainable and mutual value-addition and selects local partners who share its approach. Grindrod belongs to various professional associations and also engages with regulatory and industry associations that guide company operations through legislation, regulations, codes of conduct, tariffs and operational, safety, health and environmental standards.



Natural capital

Natural capital is the world's stocks of natural ecosystems and assets which include geology, soil, air, water and all forms of life. Grindrod strives to minimise and mitigate the impact of its operations on the environment in a sensible, responsible and legally compliant manner.

KEY ACHIEVEMENTS 2014

- Shipping being recognised by the Maritime Singapore Green Initiative for promoting clean and green shipping over and above the minimum required by International Maritime Organisation (IMO) Conventions.
- The delivery of eco-friendly vessels that will result in lower shipping emissions over time.
- Achieving no sea oil spills in excess of one barrel (158 litres).
- Reducing Freight Services diesel-vehicle GHG emissions per kilometre to 1.11kg CO₂ from 1.38 in 2013.

KEY CHALLENGES 2014

- Finding proper waste-management solutions for all waste streams.
- Maintaining legal compliance in an evolving regulatory environment.
- Finding sustainable renewable energy sources.

KEY FOCUS AREAS 2015

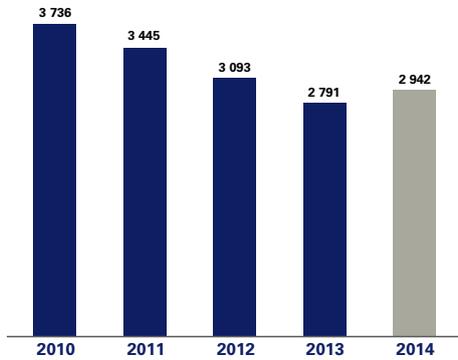
- Fully integrate the sustainability strategy and business plan.
- Focused and continuous training and awareness on environmental management and responsibility across all businesses.
- Ensure all businesses have ISO-compliant integrated management systems in place.
- Develop impactful environmental and social solutions in partnership with key stakeholders.
- Purposefully work towards the achievement of Vision 2020 targets.



More information on natural capital is available on the website.

NATURAL CAPITAL continued

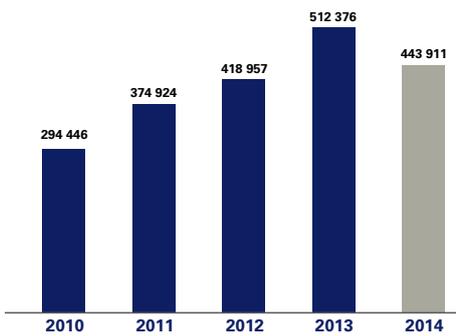
Energy efficiency (electricity kWh/FTE)



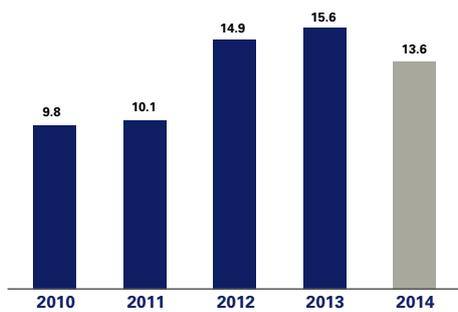
Increase from

0.19 to **0.20**
in energy intensity
(MJ per rand revenue)

Total GHG emissions (CO₂ equivalent)



GHG emissions intensity
(CO₂ per rand revenue)



Vision 2020

Tangible targets have been included in the Grindrod environmental and climate-change policy, encapsulated in a policy document, Vision 2020, approved by the board. The policy, available on the company website, confirms that Grindrod operations impact on the environment and that it aims to conserve natural resources, maximise eco-efficiency, reduce waste and climate-change impacts and prevent pollution.

The policy takes into consideration the shifts in a global economy that moves towards a reduced reliance on fossil fuels, increased emphasis on eco-efficiency and a greater expectation by society for corporate environmental responsibility.

Vision 2020 aims to ensure that the company builds on its 100-plus years of good corporate citizenship by reducing environmental risks in its sphere of business. The policy is based on operational control measures as defined by the international GHG Protocol, linked to tangible KPIs.

Environmental management is conducted systematically, based on ISO 14001 certification guidelines. Environmental management systems are developed by businesses and performance monitored at divisional and group levels.



Zero

oil spills in excess of one barrel for ninth consecutive year

Shipping and Freight Services are significant users of non-renewable fossil fuels, the combustion of which produces greenhouse gas (GHG), sulphur oxides (SOx) and nitrous oxides (NOx). Their fuel consumption comprises 90 per cent of the Grindrod carbon footprint. This footprint is substantiated through Grindrod's involvement in the Carbon Disclosure Project (CDP).

Vision 2020 targets	2014 performance
Reduce by 10 per cent normalised overall group emissions CO ₂ -e (grams) per rand revenue (2010 as base year).	Achieved – decreased to 13.57 from 15.6 in 2013. Shipping emissions intensity decreased to 16 CO ₂ e per rand revenue from 17.53 in 2013.
Reduce by 10 per cent ship-based GHG emissions (CO ₂ e) per tonne/NM on average and comply with IMO ship emissions regulations (2010 as base year).	Emissions decreased to 7.22 CO ₂ e per tonne/NM from 9.78 in 2010 and ship-based SOx emissions decreased to 3.47 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 decreasing to 1.11kg CO ₂ per kilometre (from 1.41 in 2012), SOx reducing to 0.39 (from 0.43 in 2012) and NOx emissions decreasing to 14.82kg per 1 000 kilometres (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 as base year).	On track , with a 21 per cent improvement to 2 942 kWh/FTE from 3 736 kWh/FTE in 2010.
Source at least five per cent of total energy usage from renewable sources.	Evaluating suitable business partners to provide viable, sustainable solutions.

Environment

All new vessels ordered by the Shipping division during the past two years are eco-friendly and will have a positive effect on further reducing fleet emissions as they are deployed.

Four existing vessels have been fitted with variable-frequency drives to substantiate a decision on the expected energy savings on electric pumps and motors across the fleet and fuel additives are being tested on one vessel to determine whether or not sustainable fuel savings can be achieved.

An evaluation of the effects of extending the period between oil changes on bunker barges by installing sophisticated back-flushing oil filters was successful.

Adverse marine biodiversity impacts are mitigated through a rigorous, onboard management system to achieve the objective of zero material pollution of the marine ecosystems that ships under Grindrod control come into contact with. The system complies with MARPOL, the international convention for the prevention of pollution from ships, and vessels are flagged under countries that are MARPOL signatories.

Land-based developments are subject to rigorous management systems to ensure a prioritised approach to environmental risk management, ongoing training and awareness and environmental audits. Hazardous materials and wastes are stored, used, managed and transported according to procedure and under controlled conditions, with mitigation measures to address the containment of potential spills and contaminated run-off.

Water and waste targets are to sustainably and responsibly reduce:

- normalised water consumption and the resulting waste-water effluent by 20 per cent by 2020, against 2010 consumption; and
- solid waste by recycling 20 per cent of solid waste generated.

Environmental management reports are generated at divisional level and, from 2014 onwards, systematically incorporated into a monitoring and reporting system. This change promotes a holistic understanding of the effect of business operations. Tenders, business opportunities and even funding are increasingly becoming subject to environmentally sustainable operations.

GROUP FINANCIAL DIRECTOR'S REPORT



2014 focused on asset optimisation and business integration with the successful raise of equity capital positioning the group for further growth geographically and through diversification.

Financial strategy

In 2014 Grindrod continued to make progress in optimising operational assets in line with its vision to create sustainable returns and long-term value for its stakeholders. The Maputo port and terminal businesses continued to reflect good contributions despite adverse market conditions. Rail reflected subdued earnings due to market conditions whilst the focus was on driving efficiencies within the logistics businesses. Performance of the Shipping division was impacted by continued weakness in global shipping markets. Financial Services continued to grow and improve performance.

Strategic financial focus was also given to:

- the purchase of minority equity interests in certain operating subsidiaries and joint ventures;
- capital raising;
- improving returns from current businesses;
- closure of the agricultural commodity trading business;
- incremental terminal growth; and
- the re-assessment of investments in light of market conditions.



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.

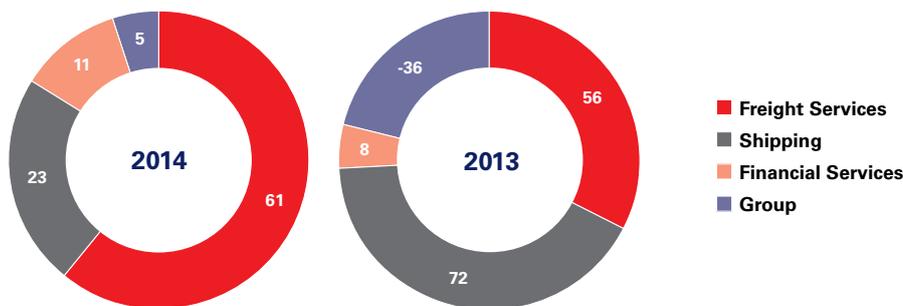
Capital raising

In 2014, Grindrod successfully raised equity capital of R4.0 billion. Of this, R2.4 billion was raised in the Bookbuild Placement. Business alignment and efficiency improvements were achieved through the acquisition of the equity interests held by the group’s long-term B-BBEE partners, Calulo Investments and Soletu Investments, in certain operating subsidiaries and joint ventures (the Acquisition). In conjunction with this, a consortium including Calulo Investments, Soletu Investments, Safika Holdings, Adopt-a-School Foundation and Brimstone Investment Corporation invested R1.6 billion in Grindrod at a holding level, providing for 8.4 per cent B-BBEE ownership (the Consortium Placement).

were offset by good ship operating results and strategic ship sales. Seafreight reflected a strong performance in the current year. The marine fuels business reflected a decline in profits as a result of deteriorating margins due to competitive market conditions. Trading profit decreased by 31 per cent to R174.9 million (2013: R251.9 million).

Financial Services is accounted as a continued operation and has received further capital following the withdrawal of the Bidvest offer. The Financial Services division once again reflected excellent growth in 2014, increasing earnings by 21 per cent to R112.0 million (2013: R92.3 million).

Attributable profit (%)



Group earnings

Shipping and Freight Services’ performance reflects the challenging year experienced in the global shipping and commodities market. Despite this, the group’s headline earnings of R729.4 million increased by four per cent (2013: R701.8 million). The increase is mainly attributable to a reduction in losses from the closure of the agricultural commodity trading business (Atlas, formerly part of the Trading division) and strong earnings from Financial Services. Management revenue, which includes the proportionate consolidation of joint venture entities, of R32.7 billion, increased by two per cent, notwithstanding the winding down of Atlas which contributed significantly to previous years’ revenue. Statutory group revenue was 12 per cent lower at R13.9 billion (2013: R15.7 billion) for the same reason.

In Freight Services, the Maputo Port contributed strong earnings and Terminals was largely in line with the prior year. The remaining Freight Services businesses, particularly rail and the fuel carrier businesses, came under pressure during the year, resulting in trading profit decreasing by 16 per cent to R493.9 million (2013: R590.7 million).

The Shipping division recorded a profit in dry-bulk and liquid-bulk markets that continue to remain challenging. The poor rates

The Atlas operation was discontinued, wound down and sold according to plan. Losses, included in the group segment, amounted to R95.1 million (2013: R210.6 million). The remaining Trading operations, coal, agricultural logistics, mineral logistics and marine-fuels businesses, have been incorporated in the Freight Services and Shipping divisions to promote increased integration.

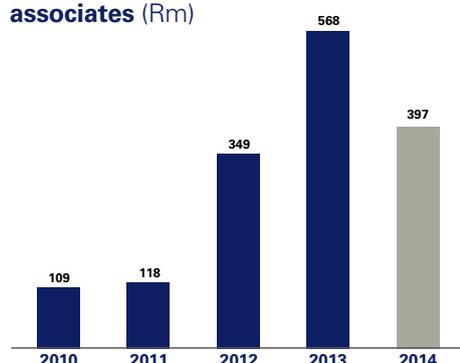
The acquisition of certain minorities across the group is reflected in the 42 per cent decrease in Grindrod’s share of profits of joint ventures to R314.3 million (2013: R545.1 million).

Non-trading items include the required raising of R430.6 million in earnings as a consequence of the change in control through the Acquisition. In addition, impairment charges of R105.8 million were made against the carrying value of the transport fleet, R89.8 million on the carrying value of vessels and R80.0 million on the carrying value of mineral logistic investments. Earnings from non-trading items in the prior year of R475.3 million included the realisation of a material foreign currency translation reserve.

The capital raise in 2014 of R4.0 billion, netting R3.0 billion in cash, promoted increased interest earnings, with resultant net interest received of R18.1 million (2013: R92.9 million net interest paid).

GROUP FINANCIAL DIRECTOR'S REPORT continued

Income from joint ventures and associates (Rm)



The effective tax rate, including joint ventures and associates, increased from 15.3 per cent to 19.2 per cent largely due to the recognition of material foreign currency translation reserves in the prior year.

Attributable profit amounted to R1 001.2 million for the year ended 31 December 2014 (2013: R1 177.2 million). The increased number of weighted average shares in issue for the year of 678 348 425 (2013: 591 109 254), resulted in basic earnings per share decreasing by 26 per cent to 147.6 cents (2013: 199.1 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 report on page 99 of the consolidated annual financial statements.



Statement of financial position

Shareholders' equity increased by 45 per cent from R12 036 million to R17 432 million as a result of the capital raising, attributable profit and a gain in the foreign currency translation reserve. Net proceeds from the issue of ordinary share capital during the year from capital raising totalled R3 978.6 million. The foreign currency translation reserve increased to R2 661.3 million (2013: R1 916.5 million) due to growth in US Dollar business and a 10 per cent weakening of the rand/US dollar exchange rate from R10.55/US\$ at 1 January 2014 to R11.57/US\$ at 31 December 2014.

Borrowings, cash flow and liquidity

Long-term debt decreased by 14 per cent to R2 626.0 million (2013: R3 056.4 million) due largely to the maturing of long-term Financial Services debt instruments in 2015 and being disclosed in short-term borrowings. Short-term borrowings and overdraft, before transfer to non-current liabilities held for sale, decreased by 70 per cent due to the winding down of the agricultural commodities trading business.

Cash and cash equivalents, excluding Financial Services, increased by 112 per cent to R3 386.5 million (2013: R1 599.8 million), due mainly to the proceeds received from the capital raising during the year. Total cash and cash equivalents increased by 22 per cent to R7 404.9 million (2013: R6 076.3 million).

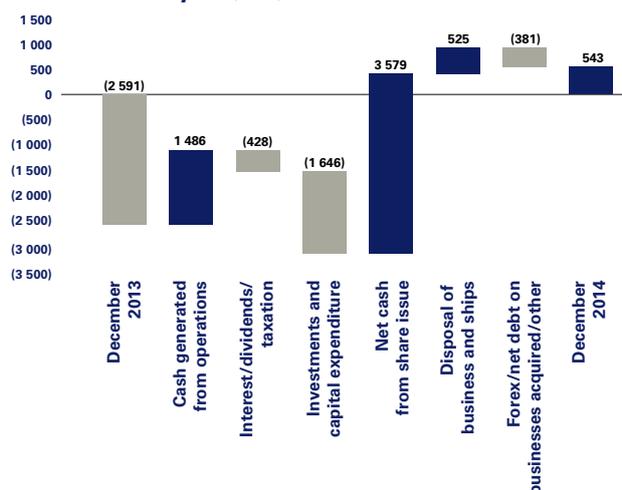
Cash generated from operations was R1 485.8 million (2013: R647.8 million). The increase is attributable to increased cash generated from operations and a change in the utilisation of working capital, due largely to the winding down of the agricultural commodities trading business.

Dividends of R265.4 million (2013: R259.7 million) were paid to ordinary and preference shareholders.

Proceeds of R234.3 million were received in 2014 (2013: R306.1 million) on the disposal of ships.

The above cash flows had the impact of decreasing the net debt position from R2 591.6 million at 31 December 2013 to net cash of R542.7 million at 31 December 2014 (2013: 21 per cent net debt:equity).

Net debt analysis (Rm)



Capital expenditure

Capital continues to be committed to the strategic investment areas of port, terminal and rail infrastructure as well as the dry-bulk shipping fleet.

Total capital and investment expenditure was R2 448.1 billion (2013: R2 868.0 billion), of which 73 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the acquisition of 12 dry-bulk ships in the tripartite joint venture, the Acquisition, increased investment into the rail concession business, locomotives and expansion in the intermodal business.

Future capital continues to be committed to the incremental expansion of terminal capacity, rail infrastructure, locomotives and ships.

Capital commitments of R955.0 million were approved as at 31 December 2014 (2013: R1 662.0 million): The commitments are for the completion of terminal capacity expansion 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.

R million	Capital expenditure	Capital commitments				Split as follows	
	2014	2015	2016	2017+	Total	Approved not contracted	Approved and contracted
Freight Services	1 354	90	22	7	119	1	118
Port and Terminals	120	53	18	6	77	1	76
Rail	648	1	1	1	3	–	3
Carrier logistics	97	3	3	–	6	–	6
Integrated logistics	489	33	–	–	33	–	33
Shipping	981	430	285	121	836	–	836
Dry-bulk	795	430	269	121	820	–	820
Tankers	186	–	16	–	16	–	16
Financial Services Group	15	–	–	–	–	–	–
	98	–	–	–	–	–	–
	2 448	520	307	128	955	1	954
Split as follows:							
Subsidiaries	1 646	87	35	124	246	1	245
Joint ventures	802	433	272	4	709	–	709

The capital commitments table includes R709.0 million (2013: R958.0 million) relating to joint ventures.

GROUP FINANCIAL DIRECTOR'S REPORT continued

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. To simplify the application of the hurdle rates across the divisions,

a single hurdle rate was set. All projects are deemed to be high risk, unless substantiated otherwise. The project hurdle rates, using project internal rate of return (IRR) are set out in the table below:

	High risk	Medium risk	Low risk
Hurdle rate	18%	15%	12%

Foreign currency exposures

The currency requirements of the capital commitments continue to be monitored. The group has US\$830.1 million (2013: US\$773.3 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 R10.55/US\$ to R11.57/US\$ as at year-end and an average rate of R10.88/US\$ for the year. Foreign exchange risks are monitored and mitigated in terms of approved policies.

Interest rate exposures

The group's interest rate exposure is currently not fixed. 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.

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

- an organisational structure comprising clearly defined reporting lines, responsibilities and levels of authority;
- policies, procedures and guidelines to ensure that best practice standards are 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.

In 2014 the initial phase of the implementation of a new financial reporting system and shared services function was completed. The implementation of the system and shared financial functions across the group is designed to maximise efficiencies and improve financial controls and reporting capabilities within the organisation.

During 2014, 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, following which 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 2014 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 24 February 2015, 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 2013.

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 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 2014.

Focus for 2015

In addition to the strategic financial areas outlined under financial strategy, key financial focus areas for 2015 will be:

- execute on capital projects;
- prudent deployment of equity;
- maximise asset utilisation;
- enhancing operating efficiencies and cost;
- drive to secure new capacities;
- reinforce focus on our people; and
- manage strategic partnerships to facilitate execution and reduce risk.



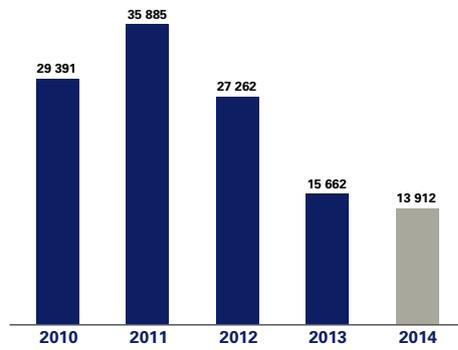
Andrew Waller
Group financial director

24 February 2015

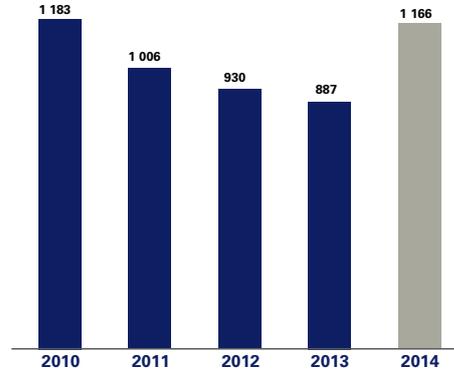
FIVE-YEAR REVIEW

		2014	2013	2012	2011	2010
Group income statement						
Revenue	(Rm)	13 912	15 662	27 262	35 885	29 391
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(Rm)	1 166	887	930	1006	1 183
Depreciation and amortisation	(Rm)	(547)	(463)	(412)	(363)	(295)
Operating profit before net interest and taxation	(Rm)	619	424	518	643	888
Non-trading items	(Rm)	235	479	200	60	13
Net interest paid	(Rm)	18	(93)	(21)	(49)	(51)
Profit before share of joint venture and associate companies' profit	(Rm)	872	810	697	654	850
Share of joint venture and associate companies' profit after taxation	(Rm)	398	568	349	118	109
Profit before taxation	(Rm)	1 270	1 378	1 046	772	959
Taxation	(Rm)	(194)	(116)	(141)	(175)	(114)
Profit after taxation	(Rm)	1 076	1 262	905	597	845
Minority interest	(Rm)	(16)	(30)	(11)	(13)	(6)
Profit for the year before preference dividends	(Rm)	1 060	1 232	894	584	839
Preference dividends	(Rm)	(59)	(55)	(57)	(53)	(59)
Profit attributable to ordinary shareholders	(Rm)	1 001	1 177	837	531	780
Ordinary shareholders' interest in non-trading items	(Rm)	272	(475)	(231)	(60)	(13)
Headline earnings	(Rm)	729	702	606	471	767
Group statement of financial position						
Non-current assets	(Rm)	15 281	12 492	9 312	7 582	6 516
Loans and advances to bank customers	(Rm)	4 307	3 675	3 188	2 542	1 710
Current assets	(Rm)	13 212	12 255	9 573	10 397	5 668
Total assets	(Rm)	32 800	28 422	22 073	20 521	13 894
Total equity	(Rm)	17 480	12 133	10 241	9 311	5 971
Non-current liabilities	(Rm)	2 914	3 311	3 097	2 437	1 513
Deposits from bank customers	(Rm)	7 810	8 015	4 661	2 911	2 016
Current liabilities	(Rm)	4 596	4 963	4 074	5 862	4 394
Total equity and liabilities	(Rm)	32 800	28 422	22 073	20 521	13 894
Group cash flows						
Cash available from operations (excluding dual-purpose assets)	(Rm)	562	3 304	1 986	70	913
Distribution/dividends paid	(Rm)	(170)	(174)	(215)	(230)	(300)
Cash retained from operations	(Rm)	393	3 130	1 771	(160)	613
Proceeds on disposal of property, terminals, vehicles, equipment, investments and other items	(Rm)	116	161	500	111	70
Cash available for investment	(Rm)	509	3 291	2 271	(49)	683
Cash invested	(Rm)	(1 335)	(1 705)	(1 137)	(343)	(366)
Net finance (raised)/repaid	(Rm)	(826)	1 586	1 134	(392)	317

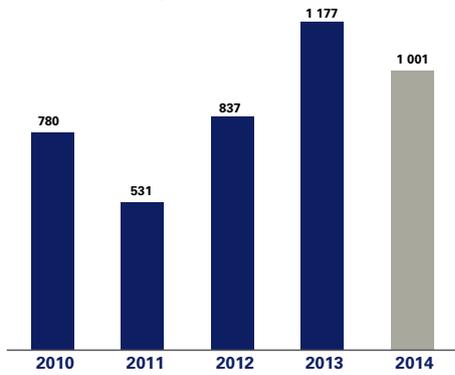
Revenue (Rm)



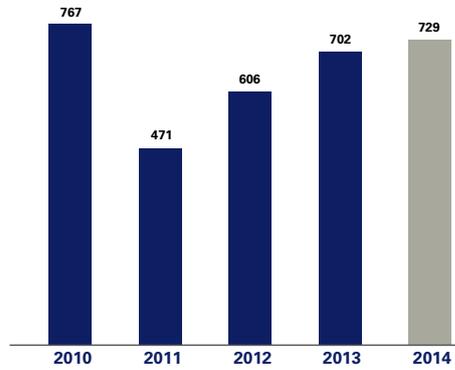
EBITDA (Rm)



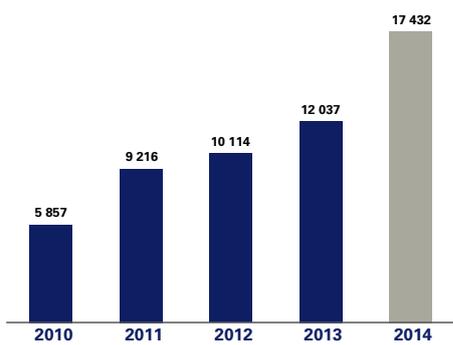
Attributable profit (Rm)



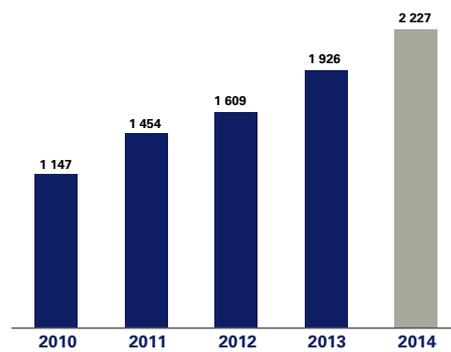
Headline earnings (Rm)



Shareholders' funds (Rm)



Net worth per share (cents)

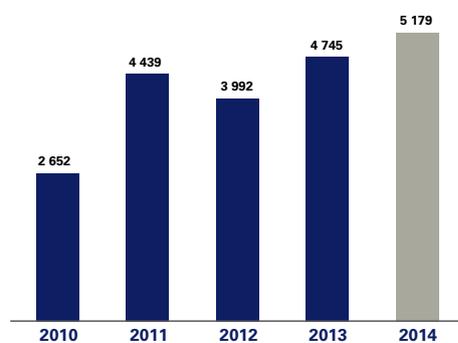


FIVE-YEAR REVIEW continued

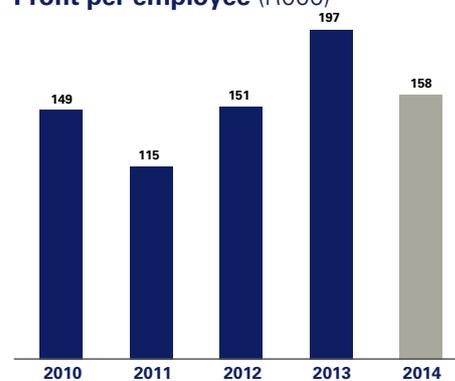
		2014	2013	2012	2011	2010
Ordinary share performance						
Number of ordinary shares in issue net of treasury shares	(000s)	751 619	591 586	590 486	589 536	455 803
Weighted average number of ordinary shares on which earnings per share is based	(000s)	678 348	591 109	590 097	478 234	454 591
Earnings per share – basic	(cents)	147.6	199.1	141.8	111.0	171.6
Headline earnings per share – basic	(cents)	107.5	118.7	102.6	99.6	167.7
Share price – opening	(cents)	2 803	1 585	1 400	1 895	1 780
Share price – closing	(cents)	2 240	2 803	1 585	1 400	1 895
Share price – highest	(cents)	2 895	2 875	1 585	1 939	1 910
Share price – lowest	(cents)	2 050	1 580	1 270	1 250	1 350
Number of transactions recorded		172 819	96 250	53 488	79 713	82 968
Number of shares traded	(000)	267 875	191 329	163 690	240 887	279 898
Volume of shares traded as a percentage of total issued shares	(%)	38.8	31.8	27.3	40.2	60.2
Market capitalisation at 31 December	(Rm)	17 070	16 839	9 252	8 382	8 811
Price:earnings ratio	(times)	15.2	14.1	11.2	12.6	11.0
Enterprise value (EV)/EBITDA	(times)	18.0	17.2	15.3	13.6	7.9
Dividend/distribution per share	(cents)	33.6	37.1	32.9	29.5	54.0
Dividend/distribution cover	(times)	3.2	5.4	4.3	3.8	3.2
Dividend yield	(%)	1.5	1.3	2.1	2.1	2.8
EBITDA per share	(cents)	269.0	300.0	235.6	256.1	286.9
Earnings yield	(%)	6.6	7.1	8.9	7.9	9.6
Net worth per share at book value	(cents)	2 227	1 926	1 609	1 454	1 147
Preference share performance						
Number of preference shares in issue	(000s)	7 400	7 400	7 400	7 400	7 400
Share price – opening	(cents)	9 350	9 125	9 720	10 375	9 700
Share price – closing	(cents)	8 375	9 350	9 150	9 720	10 375
Share price – highest	(cents)	9 800	9 400	10 010	10 400	10 700
Share price – lowest	(cents)	8 100	8 501	9 000	9 050	9 400
Number of transactions recorded		1 917	3 339	1 920	1 891	2 942
Number of shares traded	(000)	1 576	1 838	1 505	1 616	901
Volume of shares traded as a percentage of total issued shares	(%)	21.3	24.8	20.3	21.8	12.2
Key ratios						
Profitability						
Operating margin	(%)	4.4	2.7	1.9	1.8	3.0
Operating margin including joint venture entities	(%)	3.3	3.6	2.6	2.2	3.3
Operating margin excluding bulk product trading	(%)	7.4	8.4	5.8	7.3	10.9
Return on net assets	(%)	6.4	9.1	7.4	7.1	11.5
Return on ordinary shareholders' funds – minimum	(%)	7.2	11.4	9.4	7.8	15.4
Effective rate of taxation excluding joint ventures	(%)	22.2	14.4	20.2	26.8	11.9
Leverage and liquidity						
Total liabilities to total shareholders' interests	(%)	10.9	51.7	23.2	52.8	70.6
Net interest-bearing debt to total shareholders' interests – maximum	(%)	(3.1)	21.4	7.3	9.6	30.7
Net debt to EBITDA – maximum	(times)	(0.5)	2.9	0.8	0.9	1.6
Debt:service cover ratio		0.4	0.6	1.3	(0.5)	2.8
Interest cover – minimum	(times)	(49.3)	9.7	33.8	14.2	17.8
Current ratio – minimum		2.7	2.3	2.3	1.8	1.3

	2014	2013	2012	2011	2010
Transformation					
Employment equity – HDSA (%)	78.2	79.1	77.5	81.4	88.3
B-BBEE Contributor Level – Grindrod (South Africa) Proprietary Limited	Level 2	Level 4	Level 3	Level 3	Level 3
Social responsibility					
Total spend on projects (Rm)	14.9	15.5	5.6	4.1	2.5
Environment					
Energy efficiency – electricity (kWh/FTE)	2 942	2 791	3 093	3 445	3 736
Total GHG emissions (CO ₂ equivalent) (tonnes)	443 965	512 376	418 957	374 924	294 446
GHG emissions intensity (CO ₂ per rand revenue) (grams)	13.57	15.60	14.94	10.01	9.80
Safety and health					
Fatalities					
– Freight Services	1	2	2	1	2
– Grindrod Management Services	–	1	–	–	–
Lost-time incidents					
– Freight Services	68	109	120	74	72
– Shipping	8	8	2	3	1
Lost-time injury frequency rate (LTIFR)					
– Freight Services	0.86	1.31	8.42	5.53	7.03
– Shipping	0.26	0.29	0.47	0.88	0.80
Human capital					
Number of employees at year-end					
– subsidiaries	7 506	7 675	7 295	5 177	5 631
– joint ventures and associated companies	5 443	4 304	3 765	4 026	4 849
	2 063	3 371	3 530	1 151	782
Training spend (Rm)	17	18	13	10	10
Average training spend per employee (R)	2 315	2 344	1 710	1 893	1 687
Assets per employee (R000)	5 179	4 745	3 992	4 439	2 652
Profit per employee (R000)	158	197	151	115	149

Assets per employee (R000)



Profit per employee (R000)



DIRECTORATE

as at 31 December 2014



Mike Hankinson

Age: 65

BCom, CA(SA)

Independent non-executive chairman

Appointed 15 December 2009

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

Alan Olivier

Age: 54

CA(SA)

Executive director and CEO

Appointed 27 May 1999

Chairman 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.

Hassen Adams

Age: 62

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.





Cato Brahde

Age: 60

BSc (Hons); MSBA; CEng MR INA

Independent non-executive director

Appointed 1 January 2013

Non-executive director of Grindrod 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.

Jannie Durand

Age: 48

BAcc (Hons); MPhil (Oxon); CA(SA)

Non-executive director

Appointed 9 May 2012

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, RMI Holdings Limited and Unilever South Africa Holdings Proprietary Limited.

Pieter Uys is his alternate.

Mkhuseleli Faku

Age: 48

BA (Law); MAP (Wits Business School); OPM (Harvard Business School)

Independent non-executive director

Appointed 15 December 2009

Group executive chairman and founder of Calulo Investments Proprietary Limited and director of various Calulo group companies.

Mkhuseleli has extensive experience in the South African oil industry and serves on the boards of Total South Africa and Rhodes University.



DIRECTORATE continued

as at 31 December 2014



MAC

Tantaswa Fubu

Age: 42

CA(SA); Post-graduate diploma in Accounting; BAdmin (Hons), Higher diploma in banking law; Certificate of proficiency in short-term insurance

Independent non-executive director

Appointed 27 November 2014

Previously executive head of people and transformation at KPMG. Tantaswa has in-depth experience in strategy, accounting and auditing. She served on the KPMG national policy board and the executive committee and senior partners' forum. She is president of the Association for the Advancement of Black Accountants of Southern Africa and member of the presidential BEE Advisory Council.



MAC

Walter Geach

Age: 60

Advocate; BA LLB; MCom, CA(SA); FCIS

Independent non-executive director

Appointed 29 July 2008

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.



CAC

Grant Gelink

Age: 65

BCompt (Hons); BCom (Hons); CA(SA); HDip Education; Dip Public Administration

Independent non-executive director

Appointed 1 January 2013

Non-executive director of Altron 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

27%
Executive

13%
Non-executive

60%
Independent
non-executive



David Polkinghorne

Age: 50

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. Chairman of the Grindrod Pension and Grindrod Provident Funds.

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 15 years service with the group.

Nkululeko Sowazi

Age: 51

MA (UCLA)

Independent non-executive director

Appointed 25 February 2014

Chairman on the board of Litha Healthcare Holdings and currently serves as a non-executive director on the boards of Idwala Industrial Holdings, Actom Holdings and Vanguard Group (Ghana). Previously served on the boards of Aveng Limited and Exxaro Resources Limited, inter alia.

Nkululeko has over 15 years' experience in investment management and has vast knowledge of and exposure to the mining, infrastructure and financial services sectors.

Pieter Uys

Age: 52

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.

Board tenure
40%
0 to 3 years

47%
4 to 9 years

13%
more than 9 years

DIRECTORATE continued

as at 31 December 2014



Martyn Wade

Age: 55

Executive director

Appointed 16 November 2011

Director of major international subsidiary companies and UK Freight Demurrage & Defence Association (UK). Martyn has 37 years of international shipping experience and has worked for shipowners, operators and brokers in London, Johannesburg, New York and Singapore. Martyn was a member of the original Baltic Exchange for 10 years. He has six years service with the group.

Andrew Waller

Age: 52

CA(SA)

Executive director and CFO

Appointed 1 March 2011

Director of 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 four years service with the group.

Sandile Zungu

Age: 47

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.

Profile	Board	EXCO	Board and EXCO
African female	6.7%	16.7%	11.8%
African male	20.0%	–	17.6%
Coloured male	6.7%	–	5.9%
Indian male	6.7%	–	5.9%
White male	59.9%	83.3%	58.8%

EXECUTIVE COMMITTEE

as at 31 December 2014

GOVERNANCE REVIEW



Alan Olivier
CEO Grindrod Limited



Andrew Waller
CFO Grindrod Limited



David Polkinghorne
MD Financial Services



Wayne Hartmann
BCom, BSc (Eng)

CEO Investments

Appointed 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.



Bongwiwe Ntuli
CA(SA)

CEO Port, Terminals and Rail

Appointed 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. Bongwiwe joined Freight Services in May 2008 as CFO. She was appointed to the Grindrod Executive as Executive Corporate Services on 1 December 2012 responsible for IT, HR, Marketing and CSI. 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.



Martyn Wade

CEO Shipping

MSE

Attendance at meetings

	Board ¹ A/B	Executive committee ² A/B	Social and ethics committee A/B	Audit committee A/B	Nomination committee A/B	Remuneration committee A/B	Reason for non-attendance
H Adams	2/5						Illness and attended external board meetings
C Brahde	5/5						
IAJ Clark ³	4/4				1/1	1/1	
JJ Durand	5/5				3/3	3/3	
MR Faku	5/5		2/3				Academic sabbatical at Harvard University
WD Geach	5/5			3/3			
G Gelink	3/5			1/3			Attended external board meetings
IM Groves ⁴	5/5			3/3	3/3	3/3	
MJ Hankinson	5/5		3/3	3/3	3/3	3/3	
AK Olivier	5/5	13/13	3/3 ⁸	3/3 ⁸	3/3 ⁸	3/3 ⁸	
DA Polkinghorne	5/5	13/13					
DA Rennie ⁵	1/1	4/4					
NL Sowazi	4/4						
PJ Uys (alternate)	5/5				3/3	3/3	
MR Wade	5/5	13/13					
AG Waller ⁶	5/5	8/9	3/3				Attended external board meeting
SDM Zungu	4/5						Attended BRICS Business Council meeting
Executives							
HJ Gray ⁷		5/6					Not available to attend
WP Hartmann		13/13					
B Ntuli		13/13	3/3				

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 and one special Executive Committee meetings, four Group SHERQ management committee meetings, a two-day strategic planning meeting with key operational management, a two-day executive strategy planning meeting and two presentations (Macquarie Group South Africa and Institute of Futures Research).

³ Resigned as non-executive director and chairman on 28 May 2014 due to his retirement.

⁴ Resigned as lead independent director on 26 November 2014 due to his retirement.

⁵ Passed away on 12 September 2014.

⁶ Excluded from the Group SHERQ management committee meetings as the CEO attends these.

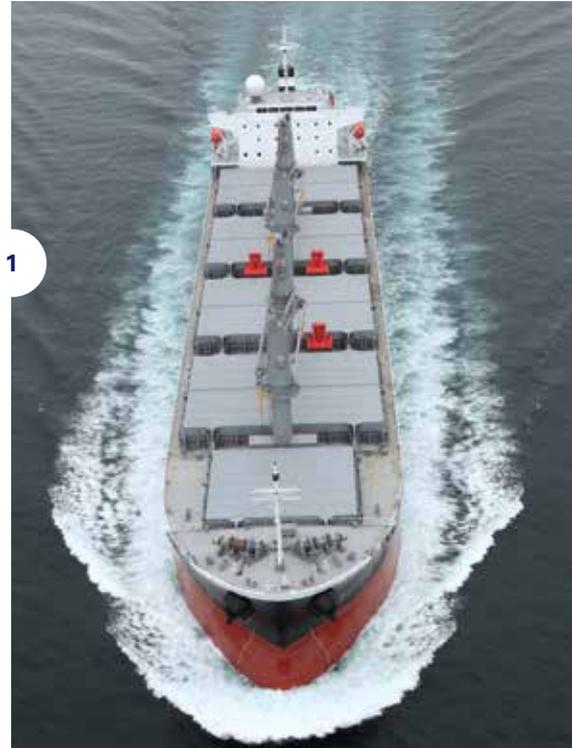
⁷ Resigned as CEO Logistics on 1 August 2014.

⁸ By invitation.

⁹ No external advisors were invited to attend board- or board committee meetings during the year.



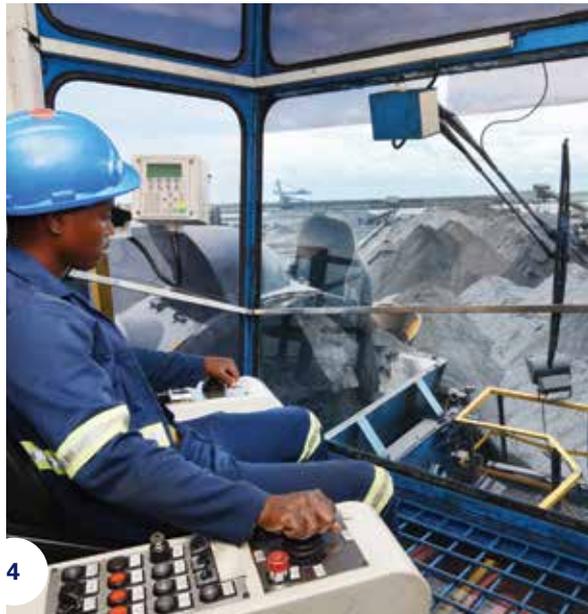
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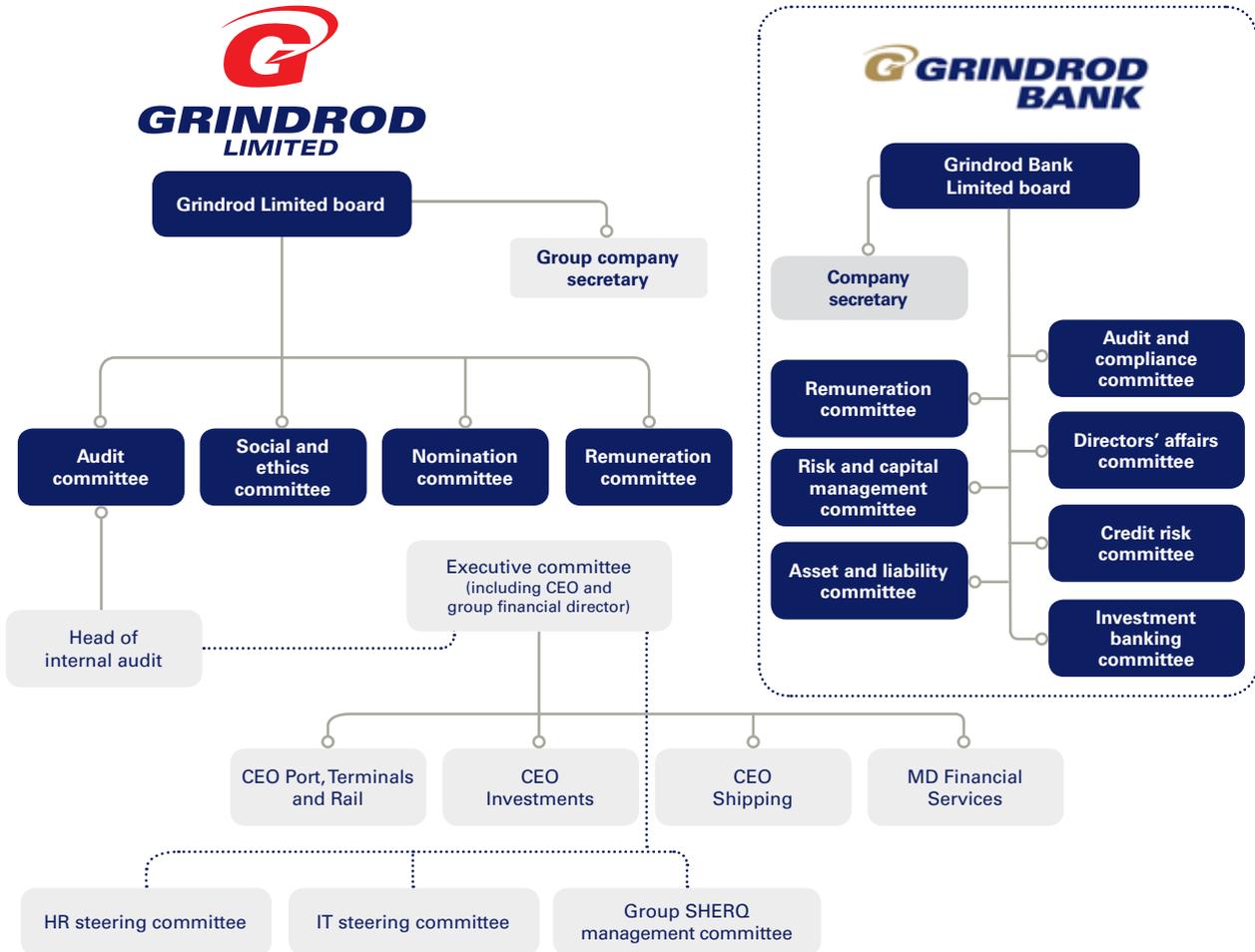


5

- 1 IVS KINGLET Handysize Bulk Carrier built 2011 dwt 33 000
- 2 3 axle Shunting Locomotive manufactured by Grindrod
- 3 Grindrod Financial Services
- 4 From inside the cab of the "bucket wheel Stacker/Reclaimer" – overlooking Grindrod's coal & magnetite terminal in Matola, Maputo
- 5 Sturrock Shipping are the ships agents for all British Royal Navy Ships at the SA Naval Base, Simons Town in Cape Town

CORPORATE GOVERNANCE

Grindrod Limited governance structures



The Grindrod board of directors is responsible for effective leadership to maintain business sustainability based on Grindrod's core values of accountability, fairness, integrity, professionalism, respect and transparency.

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 the JSE Listings Requirements.

Board structures and practice

Grindrod has a unitary board structure comprising four executive directors and 11 non-executive directors, one of whom is an alternate director to Jannie Durand and 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 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 nomination committee.

The board is assisted in its responsibility to identify, oversee and manage economic, environmental and social risk and opportunities by audit, social and ethics, nomination and remuneration sub-committees. 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, available on the company website, 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 duties

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 sub-committees are performed in accordance with work plans that are reviewed and approved on an annual basis to ensure compliance.

The fiduciary duties and statutory obligations and scope of authority and responsibilities 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 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.

Board profile

	Non-executive directors %	Independent non-executive directors %	Executive directors %
By race group and gender	13.3	60.0	26.7
African female	–	6.7	–
African male	–	20.0	–
Coloured male	–	6.7	–
Indian male	–	6.6	–
White male	13.3	20.0	26.7
By age group	13.3	60.0	26.7
30–50 years old	6.7	20.0	6.7
>50 years old	6.6	40.0	20.0

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.

Legal and regulatory compliance is entrenched across the group through a formalised legal compliance universe, approved by the executive committee in 2013.

One instance of material SARS legislative non-compliance was identified in 2014. This was the direct result of fraud perpetrated between employees and third parties. Full and final disclosure has been made to SARS and the tax liability has been settled. Grindrod has appealed the interest and penalties.

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.

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

During 2014, the company received no fines or notifications of major legislative non-compliance. Identified minor incidents were appropriately addressed and internal controls improved to reduce the risk of repeated occurrence.

Grindrod further abides by all laws and regulations related to accounting fraud, workplace discrimination and corruption, with no instances of material non-compliance, sentences or fines being imposed during 2014.

Group company secretary

Grindrod's group company secretary, who does not fulfil an executive management function 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 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 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.

She is also, as a basis for the submission of the annual compliance certificate submitted to the JSE, responsible for an annual detailed JSE Listings Requirements compliance audit. No material breaches of the JSE Listings Requirements were identified in 2014.

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.

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, based on Grindrod's six core values.

The code, which is available on the company website, 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 employees and the code is communicated to all employees as an integral part of their induction.

A comprehensive review of the Code of Ethics was completed in 2014. This review included the group's gift, conflicts of interest, whistle-blowing and anti-corruption policies and Grindrod's core values.

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 2014. All instances reported to the ethics officer have been investigated or are in the process of being investigated and closed out.

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 2014 28 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. One material incident of corruption at management level was identified in 2014. Investigations were undertaken to provide the basis for internal control improvements and appropriate criminal proceedings as well as an insurance claim instituted.

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. The executive committee and social and ethics committee are provided with statistics of non-compliance to the code.

In addition to focused internal awareness campaigns, Grindrod furthered its efforts to drive improvement in anti-corruption through participation in a case study in conjunction with National Business Initiative, the regional partner of the World Business Council for Sustainable Development and focal point of the United Nations Global Compact (UNGC) South African Network. This provided a basis for engagement with other case study participants on best practice aspects related to the management of internal and external risks of corruption.

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 detail on stakeholder engagement is included on pages 43 to 44.

Risk management

The board is ultimately responsible for risk management and the group's system of internal controls which are designed to mitigate material strategic and operational risks. More information on risk governance, the group's risk management framework and process and its combined assurance model are included on pages 22 and 23.



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.

The board also reviews and approves the delegation of authority to management in specified matters and those matters reserved for board decision-making on a regular basis.

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 and mitigate risks.

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.

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.

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 page 88.



IT steering committee

The Grindrod executive IT steering committee 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, PMO Lead, divisional CFOs and IT managers, and ad hoc members that are experts of particular business processes or technologies. The committee met six times in 2014 (2013: six times) to drive the implementation of fit-for-purpose IT infrastructure and software.

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 company secretary during 2014 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	3 June 2014	Purchase of ordinary shares	2 500	2 850	71 250
SDM Zungu	2 June 2014	Purchase of ordinary shares	2 500	228	5 700
IM Groves	23 October 2014	Sale of ordinary shares	2 250	800 000	17 996 320



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.



Principle	Principle description	Practice	Partially applied/not applied	Explanation
2.23	The board delegates certain functions to well-structured committees without abdicating from its own responsibilities.	The remuneration committee is chaired by an independent non-executive director.	Not applied	The chairman of the remuneration committee is a non-executive director, but not independent.
2.25	The company remunerates its directors and executives fairly.	Non-executive fees comprise a base fee and attendance fee per meeting.	Partially applied	Non-executive directors' fees comprise only a base fee, and not attendance fees as well.
3.8	The audit committee is an integral component of the risk management process.	There is a risk committee consisting of board members.	Partially applied	The board reviews and monitors the enterprise risk management of the group at each board meeting and convenes a separate risk meeting annually.
7.5	Internal audit should be strategically positioned to achieve its objectives.	The Chief Audit Officer has a standing invitation to attend executive committee meetings.	Partially applied	The Head of Internal Audit does not attend the executive committee meetings, but has unfettered access to the group CEO, CFO and executive committee.
9.3	Sustainability reporting and disclosure should be independently assured.	Sustainability reporting is independently assured.	Partially applied	Independent assurance is undertaken on a limited basis in conjunction with the combined assurance model.



Scope of report

This remuneration report includes the report of the remuneration 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 and members of the executive committee.

Committed to promoting fair remuneration practices that encourage performance and drive the achievement of strategic objectives.

Role and key functions

The remuneration committee is a formal committee of the board that assists in determining and recommending remuneration policy. The committee was restructured during 2014 to provide for the separation of roles related to remuneration and the review of nominations for new appointments to the board to promote compliance with the JSE Listings Requirements and associated guidance notes relating to corporate governance.

The role and key functions of the remuneration committee are defined in the revised remuneration committee terms of reference, approved by the board in 2014.

The committee independently reviews, advises on and makes recommendations relating to all remuneration matters to promote an environment that is conducive to the achievement of strategic objectives and encourages individual performance, and monitors the outcomes of the implementation of the remuneration policy to measure whether the objectives that were set have been met.



REMUNERATION COMMITTEE REPORT

continued

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 reward 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, without restraint periods, are prescribed as follows:

- Key senior management – three months; and
- Other employees – 30 days.

Composition and committee meetings

The committee comprises three non-executive directors, two of whom are independent. During the year under review, directors serving on the committee included Mike Hankinson (appointed May 2010), Ivan Clark (appointed November 2007, retired 25 May 2014), Jannie Durand (appointed 30 May 2012 and appointed as chairperson on 25 November 2014), Mike Groves (appointed November 1999, retired 26 November 2014) and Nkululeko Sowazi (appointed 25 November 2014). More details of these directors are given on pages 58 to 62.



The chairman of the board is a member of the committee given that the committee fulfils an advisory role and makes recommendations to the board on matters related to the remuneration of directors.



Fees paid to the committee members are reflected on page 74 in the remuneration report, and the proposed fees for 2015 are detailed on page 107.

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 2014.

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.



Attendance of committee members at the meetings of the committee during the year is included on page 64 of the integrated annual report.

Key activities

During 2014 and in terms of its mandate, the remuneration committee gave consideration to, inter alia:

- monitoring the company's remuneration policy and advising the board on the remuneration of non-executive and executive directors and executive committee members;
- the review of the performance of the chairman of the board and the board committees;
- the evaluation and recommendation of fees for non-executive directors;
- the review against key performance indicators, and approval of the remuneration packages and incentives for executive directors and members of the executive committee;
- monitoring the criteria against which executive directors are evaluated;
- monitoring remuneration adjustments for employees outside the bargaining unit;
- the review of the performance of the primary pension and provident funds;
- legislative and regulatory compliance within the scope of its mandate;
- the review of the remuneration report for inclusion in the 2014 integrated annual report; and
- approval of the annual work plan for 2015.

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 76 to 81 include further detail on the incentive bonus schemes. These include schemes that provide for awarding of a total of 2 928 272 shares as incentives, which can result in a 0.39 per cent dilution of the group's equity net of treasury stock.

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 committee against predetermined financial and operational targets to ensure alignment with shareholder interests.

When evaluating an individual executive, the remuneration 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 remuneration and the annual performance evaluations done for all board committees by the members. The primary performance indicators are set out on page 76.

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 re-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 74 to 82, it recommended the inclusion of its report in the integrated annual report of Grindrod for the year ended 31 December 2014 to the board.

On behalf of the remuneration committee



Jannie Durand
Chairman

23 February 2015

REMUNERATION COMMITTEE REPORT

continued

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 2014 and 2013 financial years.

	Directors' fees R000	Committee fees R000	Basic remuneration R000	Retirement medical and other benefits R000	Total package R000	Bonus ¹² R000	2014 Total R000
Executive directors							
AK Olivier	–	–	5 848	1 517	7 365	3 687	11 052
DA Polkinghorne	–	–	2 885	517	3 402	2 236	5 638
DA Rennie ¹	–	–	2 519	687	3 206	–	3 206
MR Wade ²	–	–	6 251	1 144	7 395	2 301	9 696
AG Waller	–	–	3 283	583	3 867	1 955	5 822
Sub-total	–	–	20 786	4 449	25 234	10 178	35 413
Prescribed officers							
HJ Gray ³	–	–	2 112	2 034	4 146	–	4 146
WP Hartmann	–	–	2 712	498	3 210	642	3 852
B Ntuli ⁴	–	–	2 617	445	3 062	1 700	4 761
Sub-total	–	–	7 441	2 977	10 418	2 342	12 760
Non-executive directors							
IAJ Clark ^{5, 6}	337	30	–	67	434	–	434
H Adams	233	–	–	–	233	–	233
C Brahde	290	–	–	–	290	–	290
JJ Durand ⁷	331	–	–	–	331	–	331
MR Faku	233	55	–	–	288	–	288
T Fubu ⁸	22	10	–	–	32	–	32
WD Geach ⁵	310	168	–	–	478	–	478
G Gelink	233	103	–	–	336	–	336
IM Groves ^{5, 9}	290	364	–	67	722	–	722
MJ Hankinson	527	227	–	–	754	–	754
NL Sowazi ¹⁰	198	5	–	–	203	–	203
PJ Uys ¹¹	–	–	–	–	–	–	–
SDM Zungu	233	–	–	–	233	–	233
Sub-total	3 237	963	–	134	4 335	–	4 335
Total emoluments	3 237	963	28 227	7 560	39 987	12 520	52 507

¹ Passed away on 12 September 2014.

² Singapore resident. Emoluments paid in US\$. Includes accommodation costs in Singapore of R1 143 962 as part of the employment contract.

³ Resigned on 1 August 2014. Includes benefits totalling R1 616 175 paid on resignation.

⁴ Appointed as CEO of Port, Terminals and Rail during the current year.

⁵ Includes fees paid by Grindrod Bank Limited.

⁶ Retired 28 May 2014.

⁷ Fees ceded to Remgro.

⁸ Appointed 25 November 2014.

⁹ Retired 25 November 2014.

¹⁰ Appointed 25 February 2014.

¹¹ Alternate to JJ Durand.

¹² Bonus payment in respect of services rendered in 2014 accrued as at year-end.

	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
G Gelin 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.

REMUNERATION COMMITTEE REPORT

continued

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 committee.

The bonus includes:

- A 50 per cent element based on both group and divisional board approved 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 from the three-year business plan, with a specific focus on non-financial targets which include, inter alia, transformation and SHERQ; 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 approved by the committee are set out below:

	Payout as a percentage of TCOE	
	2014	2013
AK Olivier	50	95
HJ Gray	–	52
WP Hartmann	20	–
B Ntuli	50	98
DA Polkinghorne	65	91
DA Rennie	–	100
MR Wade	37	84
AG Waller	50	100
Average	45	78

Other senior management

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

All bonuses are reviewed by the CEO and bonus information is tabled for approval by the remuneration committee.

The relative bonus caps as a percentage of annual salary and the average payments are as follows:

	Bonus cap (% of annual salary)	2014 Performance average achievement (%)
Stretch profit targets	50	3.6
Key performance indicators	30	22.4
Discretionary	20	14.3
Totals	100	40.3

Long-term incentive

Share option gains and cash-settled share-price-linked option payments for 2014 are detailed below:

	Share options exercised R000	2014 Share- linked option payment R000	Total share option scheme gains R000
Executive directors/ prescribed officers			
AK Olivier	–	6 777	6 777
B Ntuli	–	986	986
DA Polkinghorne	–	1 462	1 462
DA Rennie ¹	–	10 374	10 374
MR Wade	–	2 814	2 814
AG Waller	–	1 043	1 043
Total	–	23 456	23 456

¹ In terms of the rules of the Grindrod Share Price Linked Option Scheme, a cash settlement of R7 687 863 was paid to the estate of the late Captain Dave Rennie.

	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	–	–	–
Non-executive directors			
IAJ Clark	–	–	–
Total	–	2 074	2 074

Share option scheme

The share option scheme is closed to additional participants and 400 000 shares (equivalent to 0.05 per cent of the issued share capital excluding treasury shares) remain under option in terms of the scheme as at 31 December 2014. The options are exercisable at the market prices ruling on the dates the options were granted.

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

Director	Options at 1 January 2014	Options transferred during the year	Options at 31 December 2014	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 ¹	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	500 000	400 000			

¹ A total of 500 000 share options were transferred to the estate of the late Captain DA Rennie in 2014. In terms of the rules of the Grindrod Share Scheme, the executor of the estate is entitled to effect settlement of all shares offered to him within twelve months after the date of his death or before the expiry of the offer periods, whichever is the earlier. These shares were exercised on 29 January 2015.

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. Whilst 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 to the succession planning, the CEO submits the nominations agreed to the remuneration committee. Taking into account performance of each executive and key senior manager, the remuneration 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 R26 405 680 were made on options which vested in 2014.

The group currently holds 7 805 599 treasury shares (not allocated to the forfeitable share plan) (2013: 6 769 076). These treasury shares were purchased at a weighted average price of R17.27 (2013: R15.73). During 2014, 1 482 000 shares were bought back at an average share price of R23.86. The treasury shares serve as a cash flow hedge to the share-linked option scheme. The increase in value of these shares has accrued to the group.

REMUNERATION COMMITTEE REPORT

continued

A summary of options granted to executives and senior management, still to vest as at 31 December 2014, is as follows:

Date option granted	Number of options granted	Price R	Cancellations	Forfeited	Vesting on retirement/transfer	Vested	Net total
2010	4 117 000	13.95	(1 287 667)		(476 000)	(1 654 000)	699 333
2011	3 475 000	16.33	(446 000)	(175 000)	(278 000)	(900 667)	1 675 333
2012	4 828 000	14.72	(527 000)	(1 975 000)	(176 000)		2 150 000
2013	5 693 000	16.68	(364 000)		(750 000)	(82 000)	4 497 000
2014	2 475 000	26.97	(77 000)	(961 000)	(39 000)		1 398 000
	20 588 000		(2 701 667)	(3 111 000)	(1 719 000)	(2 636 667)	10 419 666

The detail of awards granted to executives as at 31 December 2014 are as follows:

Director	Options at 1 January 2014	Options granted during the year	Options cancelled during the year ¹	Options vested during the year	Vesting price R	Options at 31 December 2014	Option price R	Vesting dates
AK Olivier	2 491 700			108 000 229 300 227 600	26.97 26.97 26.97	229 400 227 700 68 300 68 300 68 400 345 700 345 700 345 600 63 000 63 000 63 000	14.30 13.95 13.95 16.33 16.33 16.33 14.72 14.72 14.72 16.68 16.68 16.68 26.97 26.97 26.97	February 2014 February 2014 February 2015 February 2014 February 2015 February 2016 February 2015 February 2016 February 2017 February 2016 February 2017 February 2018 February 2017 February 2018 February 2019
HJ Gray ²	647 000		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					96 300 96 300 96 400	16.68 16.68 16.68	February 2016 February 2017 February 2018
B Ntuli	537 400			25 700 30 400 25 000	26.97 26.97 26.97	30 300 25 000 25 000 14 000 14 000 14 000 111 300 111 300 111 400	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 2014 February 2014 February 2015 February 2014 February 2015 February 2016 February 2015 February 2016 February 2017 February 2016 February 2017 February 2018
DA Polkinghorne	302 000	150 000	150 000	28 300	26.97	28 400 28 300 72 300 72 300 72 400 28 700 28 700 28 600	16.33 16.33 16.68 16.68 16.68 26.97 26.97 26.97	February 2014 February 2015 February 2016 February 2016 February 2017 February 2018 February 2017 February 2018 February 2019

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Director	Options at 1 January 2014	Options granted during the year	Options cancelled during the year ¹	Options vested during the year	Vesting price R	Options at 31 December 2014	Option price R	Vesting dates
DA Rennie ³	1 183 700			68 700	26.97		14.30	February 2014
				88 000	26.97		13.95	February 2014
				88 000	24.36		13.95	September 2014
				63 000	26.97		16.33	February 2014
				63 000	24.36		16.33	September 2014
				63 000	24.36		16.33	September 2014
				250 000	24.36		16.68	September 2014
				250 000	24.36		16.68	September 2014
				250 000	24.36		16.68	September 2014
		189 000	150 000	13 000	24.36		26.97	September 2014
				13 000	24.36		26.97	September 2014
				13 000	24.36		26.97	September 2014
MR Wade	653 100			26 700	26.97		14.30	February 2014
				132 700	26.97	132 700	13.95	February 2014
				70 300	26.97		13.95	February 2015
						70 400	16.33	February 2014
						70 300	16.33	February 2015
						50 000	16.33	February 2016
						50 000	16.68	February 2016
						50 000	16.68	February 2017
						50 000	16.68	February 2018
		90 000	90 000					
AG Waller	772 000			98 000	26.97		16.33	February 2014
						98 000	16.33	February 2015
						98 000	16.33	February 2016
						22 300	14.72	February 2015
						22 300	14.72	February 2016
						22 400	14.72	February 2017
						137 000	16.68	February 2016
						137 000	16.68	February 2017
						137 000	16.68	February 2018
		103 000	103 000					
	6 875 900	1 057 000	1 390 000	2 224 700		4 318 200		

¹ Includes options cancelled in lieu of shares issued under the forfeitable share plan.

² HJ Gray options cancelled on resignation.

³ In terms of the rules of the Grindrod Share Linked Option Scheme, all Captain DA Rennie's remaining share-linked options vested on 12 September 2014.

REMUNERATION COMMITTEE REPORT

continued

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, the bank's share price calculation 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. In terms of the scheme rules, payments made under the share-linked option scheme are limited to six per cent of the division's attributable profit.

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 2014, is as follows:

Date option granted	Number of options granted	Price R	Vesting on retirement/transfer	Vested	Net total
2010	1 144 000	4.99	(88 000)	(704 000)	352 000
2011	2 996 000	6.04		(998 667)	1 997 333
2012	2 218 000	6.86			2 218 000
2013	1 646 000	7.55			1 646 000
2014	2 271 000	9.88			2 271 000
	10 275 000		(88 000)	(1 702 667)	8 484 333

Bonus payments totalling R6 213 300 were made on Grindrod Bank options vesting in 2014.

The detail of awards granted to an executive as at 31 December 2014 is as follows:

Director	Options at 1 January 2014	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2014	Option price R	Vesting dates
DA Polkinghorne	1 137 000		149 000	9.88		4.66	February 2014
			83 000	9.88	83 000	4.99	February 2014
			93 300	9.88		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
		358 000			119 300	9.88	February 2017
					119 300	9.88	February 2018
					119 400	9.88	February 2019
	1 137 000	358 000	325 300		1 169 700		

Forfeitable share plan

The following table summarises the movements in the forfeitable share plan (FSP) during the year.

Award date	Date option granted	Number of options granted	Price R	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares
31 May 2012	2012	2 150 000	13.65	(304 630)	(495 370)	1 350 000
31 May 2012	2012	152 884	14.71			152 884
31 August 2013	2013	107 388	24.91			107 388
24 February 2014	2014	1 068 000	27.36	(22 847)	(127 153)	918 000
		3 478 272		(327 477)	(622 523)	2 528 272

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 shares granted in 2014.

Executive participant	Opening balance 1 January 2014	Number of forfeitable shares granted in 2014	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares
AK Olivier	600 000	250 000			850 000
HJ Gray	300 000	–		(300 000)	–
B Ntuli	–	150 000			150 000
DA Polkinghorne	150 000	–			150 000
DA Rennie	500 000	150 000	(327 477)	(322 523)	–
MR Wade	300 000	150 000			450 000
AG Waller	300 000	150 000			450 000
	2 150 000	850 000	(327 477)	(622 523)	2 050 000

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.

REMUNERATION COMMITTEE REPORT

continued

Directors' interests in the company

At 31 December 2014, the directors held interests in the company as follows:

Ordinary shares	2014			2013		
	Beneficial indirect	Beneficial direct	Non-beneficial indirect	Beneficial indirect	Beneficial direct	Non-beneficial indirect
Directors						
IAJ Clark ¹	-	-	-	2 819 400	3 300 500	-
IM Groves ²	-	-	-	50 000	800 000	-
MJ Hankinson	-	27 000	8 000	-	27 000	8 000
AK Olivier	-	2 034 250	-	-	2 034 250	-
DA Rennie ³	-	-	-	-	750 000	-
AG Waller	-	50 000	-	-	50 000	-
SDM Zungu	-	4 228	-	-	4 000	-
	-	2 115 478	8 000	2 869 400	6 965 750	8 000

¹ Retired 28 May 2014.

² Retired 25 November 2014.

³ Passed away on 12 September 2014.

The ordinary shareholdings were unchanged as at 23 February 2015.



Role and key functions

The nomination committee is a formal, independent committee of the board. It reviews, monitors, advises on and makes recommendations regarding the nomination of directors for consideration and final approval by the board.

To promote compliance with the JSE Listings Requirements and associated guidance notes relating to corporate governance, the remuneration and nomination committee was restructured during 2014 to create two committees to separate the roles related to remuneration and the review of nominations for new appointments to the board.

The role and key functions of the nomination committee are defined in the nomination committee terms of reference, approved by the board in 2014.



Mike Hankinson (chairperson), Jannie Durand and Nkululeko Sowazi. More details of these directors are given on pages 58 to 62.



Fees paid to the committee members are reflected on page 74 in the remuneration report, and the proposed fees for 2015 are detailed on page 107.



The committee's terms of reference, which were reviewed pursuant to the restructuring of the remuneration and nomination committee, make provision for the members to 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. The committee met on three occasions during the year and no unscheduled meetings were held.

Attendance of committee members at the meetings of the committee in the year is included on page 64 of the integrated annual report.



Composition and committee meetings

The committee comprises three non-executive directors, two of whom are independent. During the year under review, directors appointed at the committee's meeting held on 25 November 2014 and serving on the committee included

The committee reviews its terms of reference on an annual basis and operates according to a detailed annual work plan approved annually.

NOMINATION COMMITTEE REPORT

continued

Key activities

In terms of its mandate the nomination committee gave consideration to the following matters in 2014:

- reviewed the performance evaluations of the chairman of the board and the board subcommittees;
- reviewed the composition of the board and the board subcommittees;
- monitored the appointment to the board of the newly appointed chairman and non-executive director;
- reviewed the induction programme for newly appointed non-executive directors;
- monitored the professional development programme for appointed directors;
- reviewed the independence of non-executive directors with a tenure of more than nine years;
- reviewed in detail the performance of directors retiring by rotation to support the recommendation for their re-election by shareholders;
- monitored the formal succession plans for members of the board, the CEO, CFO and members of the executive committee;
- reviewed the insurance cover in place for directors and officers;
- reviewed the nomination committee report for inclusion in the 2014 integrated annual report; and
- approved its annual work plan for 2015.

Board appointments

During 2014 the committee gave consideration to the appointment of the chairman of the board following the retirement of Ivan Clark, and the appointment of an independent non-executive director and chairman to the audit committee following the retirement of Mike Groves.

Being cognisant of transformation, governance and the multi-faceted nature of Grindrod's business activities, the committee undertook a detailed review of the competencies, experience and independence of non-executive directors prior to recommending the appointment of the chairman of the board. Following deliberation, the recommendation of the committee was unanimously supported by the board.

Based on transformation, gender and skills objectives, and advice from external specialists, the committee evaluated a short list of candidates to ensure the appointment of an appropriately skilled applicant as non-executive director. The committee recommended the appointment of Tantaswa Fubu as an independent non-executive director of the board, whose nomination was unanimously supported by the board.

In considering the appointment of a chairperson to the audit committee, the committee gave due consideration to skills and experience requirements in conjunction with succession planning. Following its evaluation, the committee recommended the appointment of Grant Gelink as chairperson of the audit committee. This nomination was unanimously supported by the board.

On behalf of the nomination committee



Mike Hankinson
Chairman

23 February 2015



The social and ethics committee is a formal statutory committee of the board to assist the board in adhering to the Companies Act and Regulations. The committee also provides a basis for a more structured and focused approach to social and ethical issues relevant to the company, as set out in King III.

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, safety and human rights 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.

Key functions

The key functions of the committee are defined in the social and ethics committee terms of reference, which is available on the company website. In addition, the committee operates under an approved detailed annual work plan.



Composition and committee meetings

The committee consists of four members, two of whom are independent non-executive directors, one executive director and one prescribed officer. During the year under review, members serving on the committee included Mike Hankinson (chairperson, appointed 28 February 2012 until 25 November 2014), Mkhusele Faku (appointed 16 November 2011 and appointed as chairperson 26 November 2014), Bongiwe Ntuli (appointed 19 February 2013) and Andrew Waller (appointed 16 November 2011). More details of these members are given on pages 58 to 62.



The group company secretary serves as secretary to the committee.

SOCIAL AND ETHICS COMMITTEE REPORT

continued



Fees paid to the committee members are reflected on page 74 in the remuneration report, and the proposed fees for 2015 are detailed on page 107.

Committee members meet at scheduled meetings three times 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 2014.

Key activities

In terms of its mandate, the social and ethics committee gave consideration to the following matters in 2014:

- the comprehensive review of the Grindrod Code of Ethics and other related policies, and measures to promote awareness of the code;
- approval of the Grindrod Sustainability Pillars;
- the development of an integrated sustainability strategy;
- the Grindrod B-BBEE 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, environmental 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 key performance management and skills retention;
- fraud risk mitigation measures;
- improvement of a formalised legal compliance universe; and
- approval of the annual work plan for 2015.

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 38 to 42 of the integrated annual report.



Attendance of committee members at the meetings of the committee during the year is included on page 64 of the integrated annual report.

Safety, health and environment

A proactive approach toward matters related to workplace safety, employee health and well-being 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 40 to 42 and 45 to 47.



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 pages 43 to 44 of the integrated annual report.



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 page 44.



On behalf of the social and ethics committee

Mkhusele Faku
Chairman

23 February 2015



The audit committee is a formal, statutory board sub-committee, 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 financial 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.



Attendance of committee members at the meetings of the committee during the year is included on page 64 of the integrated annual report.

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.

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 three independent non-executive directors, all of whom are financially literate. During the year under review, directors serving on the committee included Tantaswa Fubu (appointed 27 November 2014), Mike Groves (chairperson, re-appointed 28 May 2014, retired 26 November 2014), Walter Geach (re-appointed 28 May 2014), Grant Gelink (re-appointed 28 May 2014 and appointed as chairperson 26 November 2014) and Mike Hankinson (appointed 29 May 2013 until the annual general meeting on 28 May 2014). More details of these directors are given on pages 58 to 62.



AUDIT COMMITTEE REPORT

continued



Fees paid to the committee members are reflected on page 74 in the remuneration report, and the proposed fees for 2015 are detailed on page 107.

The committee invites the chairman, the CEO, the group financial director, internal audit manager and representatives of the external auditors 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 2014.

Key activities

During 2014 and in terms of its mandate, the audit committee gave consideration to, inter alia:

- review of combined assurance related to selected sustainability performance indicators included in the integrated annual report;
- 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;
- assessment of the group financial director and the finance function;
- 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 2014;
- the review of the annual financial statements and results for the year ended 31 December 2014 and the 2014 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
- approval of the annual work plan for 2015.

The chairman of the committee met with the internal and external auditors during the year. During these meetings no matters of concern were raised.

Information technology

The board's responsibility for IT governance is delegated to the audit committee and overseen strategically by the IT PMO. More information is set out on page 69 to 70.



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.

The internal audit function will continue to 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. Further focus will be on the identification and assessment of key operational and strategic risks at a divisional and group level and 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 2014 financial year. The independence, expertise and objectivity of and the appropriateness of rotation of key partners in Deloitte & Touche as the external auditors 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 2014, 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 2014.

In anticipation of his 70th birthday, Mike Groves retired as a director of the board. My fellow committee members and I extend our thanks to Mike for his years of service as chairman and valued contribution to the audit committee.

On behalf of the audit committee



Grant Gelink
Chairman

17 February 2015

APPROVAL OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

The preparation of the summarised consolidated financial statements that fairly represent the results of the group in accordance with the Companies Act and International Financial Reporting Standards is ultimately the responsibility of the board. The board also ensures an independent audit of the summarised consolidated 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 summarised consolidated financial statements. No major breakdown in controls that could influence the reliability of the summarised consolidated financial statements was experienced during 2014.

Based on the financial results of Grindrod and the cash flow forecast for the year ended 31 December 2015, 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 summarised consolidated financial statements were consequently prepared on a going concern basis.

At the board meeting held on 24 February 2015, the board of directors approved the summarised consolidated financial statements and further authorised Mr MJ Hankinson and Mr AK Olivier in their respective capacities as chairman and chief executive officer to sign off the summarised consolidated financial statements. The summarised consolidated financial statements which appear on pages 94 to 102, are therefore signed on its behalf by:



MJ Hankinson
Chairman

Durban
24 February 2015

AK Olivier
Chief executive officer

Durban
24 February 2015

COMPLIANCE STATEMENT BY THE GROUP COMPANY SECRETARY

for the year ended 31 December 2014

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, that 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 2014.

Mrs CI Lewis
Group company secretary

Durban
24 February 2015



The preparation of the summarised consolidated financial statements for the year ended 31 December 2014, which appear on pages 94 to 102, 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 South African Companies Act, 71 of 2008 applicable for summarised financial statements, 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 reporting pronouncements as issued by the Financial Reporting Standards Council, and also, as a minimum, to contain the information required by IAS 34 Interim Financial Reporting.

The accounting for the acquisitions and disposals made by the group has been determined as at 31 December 2014. At the date of finalisation of these results, the necessary market values and other calculations had not been finalised and they have therefore been provisionally determined based on the directors' best estimate of the likely values.

Following the board's decision to retain the Financial Services business, the business has been re-instated as a segment in continuing operations. The repositioning of the commodity businesses within logistics and the closure and sale of the wholly owned agri-commodity desks has been accounted for in continuing operations. Despite the significant reorganisation the commodity logistics businesses are continuing operations. In the Interim Results at June 2014 these items had been disclosed as discontinued items. There is no impact on comparative information, as these businesses were disclosed as continuing operations for the year ended 31 December 2013.

These summarised consolidated financial statements were approved by the board of directors on 24 February 2015.

Accounting policies

The accounting policies applied in the preparation of the full consolidated annual financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those of the previous full consolidated financial statements.

Post balance sheet events

There are no material post balance sheet events to report.

AG Waller CA(SA)
Group financial director

Durban
24 February 2015

LIMITED ASSURANCE REPORT

Limited assurance report of the independent auditor, Deloitte & Touche to the Directors of Grindrod Limited on their sustainability performance indicator disclosures as presented in the Integrated Annual Report for the year ended 31 December 2014

Scope of our work

We have undertaken a limited assurance engagement on selected sustainability indicators presented in the Grindrod Limited (Grindrod) Integrated Annual Report for the year ended 31 December 2014 (the Report).

The selected sustainability performance indicators are as follows:

- Lost-time injury frequency rate (LTIFR);
- Petrol consumption (ML);
- Diesel consumption (ML);
- Electricity consumption (MWh); and
- Total direct and indirect greenhouse gas emissions – scope 1 and scope 2 (CO₂e tons).

Limitation of audit scope

The limited assurance procedures for the above selected sustainability performance indicators were restricted to the Grindrod Shipping and Freight Services divisions only. As such, this assurance report is applicable only to those selected sustainability performance indicators listed above for these named divisions.

Directors' responsibilities

The Directors are responsible for the preparation of the Integrated Annual Report for the year ended 31 December 2014 and for the presentation of the key sustainability performance indicators in accordance with Global Reporting Initiative (GRI) G4 Guidelines, supported by Grindrod's internally developed guidelines. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express our limited assurance conclusion on the above selected sustainability performance indicators for the year ended 31 December 2014 based on the procedures we have performed and the evidence we have obtained. 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 that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability performance indicators are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Grindrod's use of the criteria as set out above as the basis of preparation for the selected sustainability performance indicators, assessing the risks of material misstatement of the selected sustainability performance indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability performance indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;

- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Reviewed the process that Grindrod has in place for determining material selected key sustainability performance indicators to be included in the Report;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected key sustainability performance indicators;
- Performed a controls walkthrough;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the Directors in the preparation of the sustainability performance indicators;
- Undertook site visits;
- Evaluated whether the selected sustainability performance indicators presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Grindrod.

This engagement was conducted by a multidisciplinary team including health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

We do not express a reasonable assurance opinion about Grindrod's selected sustainability performance indicators.

The maintenance and integrity of Grindrod's website is the responsibility of Grindrod management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the website.

Our independence and quality control

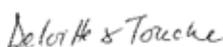
We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control 1, Deloitte & Touche maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that for the year ended 31 December 2014 the selected sustainability performance indicators set out above, in relation to Grindrod Shipping and Freight Services are not prepared, in all material respects, in accordance with the GRI G4 Guidelines supported by Grindrod's internally developed guidelines.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the Directors of Grindrod Limited in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Grindrod, for our work, for this report, or for the conclusion we have reached.



Deloitte & Touche
Registered Auditors

Per – AN le Riche
Partner

23 March 2015

National Executive: *LL Bam Chief Executive, *AE Swigers Chief Operating Officer, *GM Pinnock Audit, DL Kennedy Risk Advisory, *NB Kader Tax, TP Pillay Consulting, *K Black Clients & Industries, *JK Mazzocco Talent & Transformation, *MJ Jarvis Finance, *M Jordan Strategy, S Gwala Managed Services, *TJ Brown Chairman of the Board, *MJ Comber Deputy Chairman of the Board

A full list of partners is available on request

* Partner and Registered Auditor



INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED STATEMENTS

CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

To the shareholders of Grindrod Limited

The summary consolidated financial statements of Grindrod Limited contained in the accompanying integrated annual report, which comprise the summary consolidated statement of financial position as at 31 December 2014, the summary consolidated income statement, the summary consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Grindrod Limited for the year ended 31 December 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 24 February 2015. Our auditors' report on the audited 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 financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited 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 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 summary consolidated financial statements are also 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, and, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

Auditors' 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 Standards on Auditing (ISA) 810, *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Grindrod Limited for the year ended 31 December 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the Companies Act of South Africa as applicable to summary financial statements; framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 24 February 2015 states that as part of our audit of the consolidated financial statements for the year ended 31 December 2014, 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 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 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
Registered auditors

Per CA Sagar
Partner

19 March 2015

National Executive: *LL Bam Chief Executive, *AE Swiegers Chief Operating Officer, *GM Pinnock Audit, DL Kennedy Risk Advisory, *NB Kader Tax, TP Pily Consulting, *K Black Clients & Industries, *JK Mazzocco Talent & Transformation, *MJ Jarvis Finance, *M Jordan Strategy, S Gwala Managed Services, *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
* Partner and Registered Auditor
B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code
Member of Deloitte Touche Tohmatsu Limited

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Audited 31 December 2014 R000	Audited 31 December 2013 R000
Ships, property, terminals, vehicles and equipment	7 328 376	6 698 871
Intangible assets	1 552 439	559 763
Investments in joint ventures	3 883 263	3 616 166
Investments in associates	849 303	788 118
Deferred taxation	191 704	99 772
Other investments and derivative financial assets	1 175 380	493 161
Recoverables on cancelled ships	300 723	236 440
Total non-current assets	15 281 188	12 492 291
Loans and advances to bank customers	4 306 693	3 674 567
Liquid assets and short-term negotiable securities	990 024	1 044 432
Bank balances and cash	7 404 912	6 076 314
Other current assets	4 303 617	2 718 056
Non-current assets held for sale	513 586	2 416 467
Total assets	32 800 020	28 422 127
Shareholders' equity	17 432 296	12 036 428
Non-controlling interests	48 185	96 239
Total equity	17 480 481	12 132 667
Interest-bearing borrowings	2 263 292	1 973 390
Financial services funding instruments	362 717	1 082 986
Deferred taxation	131 643	144 426
Other non-current liabilities	156 665	110 810
Non-current liabilities	2 914 317	3 311 612
Deposits from bank customers	7 809 523	8 014 890
Current interest-bearing borrowings	1 232 421	1 127 074
Financial services funding instruments	922 550	160 253
Other liabilities	2 322 993	1 460 392
Non-current liabilities associated with assets held for sale	117 735	2 215 239
Total equity and liabilities	32 800 020	28 422 127
Net worth per ordinary share – at book value (cents)	2 227	1 926
Net debt:equity ratio	(0.03):1	0.21:1
Capital expenditure	1 645 526	2 020 953

	Audited 31 December 2014 R000	Audited 31 December 2014 US\$000	Audited 31 December 2013 R000	Audited 31 December 2013 US\$000
Capital commitments	82 500	15 561	184 978	57 711
Authorised by directors and contracted for	81 290	15 561	116 640	25 427
Due within one year	79 974	517	116 140	23 590
Due thereafter	1 316	15 044	500	1 837
Authorised by directors not yet contracted for	1 210	–	68 338	32 284

The summarised consolidated 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 2014

CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Audited 31 December 2014 R000	Audited 31 December 2013 R000
Revenue	13 912 482	15 662 026
Earnings before interest, taxation, depreciation and amortisation	1 166 011	886 690
Depreciation and amortisation	(547 143)	(463 112)
Operating profit before interest and taxation	618 868	423 578
Non-trading items	235 256	479 460
Interest received	234 687	129 961
Interest paid	(216 621)	(222 891)
Profit before share of joint venture and associate companies' profit	872 190	810 108
Share of joint venture companies' profit after taxation	314 265	545 132
Share of associate companies' profit after taxation	83 145	23 350
Profit before taxation	1 269 600	1 378 590
Taxation	(193 623)	(116 540)
Net profit for the year	1 075 977	1 262 050
Attributable to:		
Ordinary shareholders	1 001 191	1 177 172
Preference shareholders	59 094	55 354
Owners of the parent	1 060 285	1 232 526
Non-controlling interests	15 692	29 524
	1 075 977	1 262 050
Exchange rates (R/US\$)		
Opening exchange rate	10.55	8.48
Closing exchange rate	11.57	10.55
Average exchange rate	10.88	9.67
Reconciliation of headline earnings		
Profit attributable to ordinary shareholders	1 001 191	1 177 172
Adjusted for:	(271 804)	(475 356)
Impairment of goodwill	20 000	186 447
Impairment of other investment	64 759	64 530
Impairment of ships, intangibles, plant and equipment	233 396	58 992
Net profit on disposal of investments	(436 169)	(87 655)
Net loss on disposal of plant and equipment	6 023	190
Negative goodwill realised	(23 521)	(3 937)
Foreign currency translation reserve recycled on cessation of operations following restructure	(99 744)	(698 028)
Joint Ventures:		
Negative goodwill realised	-	(4 642)
Net loss on disposal of plant and equipment	162	-
Impairment of ships, plant and equipment	3 698	-
Total taxation effects of adjustments	(40 408)	8 747
Headline earnings	729 387	701 816
Ordinary share performance		
Number of shares in issue less treasury shares (000s)	751 619	591 586
Weighted average number of shares (basic) (000s)	678 348	591 109
Diluted weighted average number of shares (000s)	681 330	593 665
Earnings per share: (cents)		
Basic	147.6	199.1
Diluted	146.9	198.3
Headline earnings per share: (cents)		
Basic	107.5	118.7
Diluted	107.1	118.2
Dividends per share: (cents)		
Interim	13.6	20.0
Final	20.0	17.1
Dividend cover (headline) (times)	3.2	3.2

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Audited 31 December 2014 R000	Audited 31 December 2013 R000
Profit for the year	1 075 977	1 262 050
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	844 873	1 618 579
Cash flow hedges	(77 368)	(1 038)
Business combination acquisition	(1 455)	(9 148)
Fair value loss arising on available-for-sale instruments	-	(25 029)
Reclassification of available-for-sale instruments	-	50 029
Items that will not be reclassified subsequently to profit and loss		
Actuarial gains	1 147	8 579
Total comprehensive income for the year	1 843 174	2 904 022
Total comprehensive income attributable to:		
Owners of the parent	1 827 181	2 865 201
Non-controlling interest	15 993	38 821
	1 843 174	2 904 022

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Audited 31 December 2014 R000	Audited 31 December 2013 R000
Operating profit before working capital changes	1 222 860	734 765
Working capital changes	262 905	(86 937)
Cash generated from operations	1 485 765	647 828
Net interest paid	(34 563)	(92 930)
Net dividends paid	(170 107)	(173 870)
Taxation paid	(223 789)	(219 585)
Net bank advances to customers and other short-term negotiables	1 057 306 (783 085)	161 443 2 465 696
Deposits – Retail Banking	(768 862)	2 196 780
Other	(14 223)	268 916
Net cash flows generated from operating activities before ship sales and purchases	274 221	2 627 139
Refund on ships under construction cancelled	–	197 248
Proceeds on disposal of ships	234 317	306 061
Cash payments on ship options exercised	(116 221)	–
Capital expenditure on ships	(192 694)	(406 251)
Net cash flows generated from operating activities	199 623	2 724 197
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	(955 954)	(1 634 688)
Proceeds from disposal of property, terminals, vehicles, equipment and investments	383 273	160 889
Net payments made to acquire financial assets and finance lease receivables	(4 834)	–
Intangible assets acquired	(58 248)	(63 162)
Proceeds from disposal of intangible assets	–	175
Loans advanced to joint ventures and associate companies	28 773	100 074
Acquisition of preference share investment	(400 000)	–
Acquisition of additional investments in subsidiaries, joint ventures and associates	(183 634)	(107 451)
Net cash flows utilised in investing activities	(1 190 624)	(1 544 163)
Net proceeds from issue of ordinary share capital	3 978 573	11 737
Acquisition of treasury shares	(37 563)	–
Proceeds from disposal of treasury shares	144	–
Long-term interest-bearing debt raised	726 945	811 560
Payment of capital portion of long-term interest-bearing debt	(1 080 843)	(720 807)
Short-term interest-bearing debt (repaid)/raised	(1 588 273)	571 560
Net cash flows generated from financing activities	1 998 983	674 050
Net increase in cash and cash equivalents	1 007 982	1 854 084
Cash and cash equivalents at beginning of the year	6 131 503	4 250 250
Difference arising on translation	49 141	27 169
Cash and cash equivalents at end of the year	7 188 626	6 131 503

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Audited 31 December 2014 R000	Audited 31 December 2013 R000
Share capital and share premium	5 982 924	2 036 992
Balance at beginning of the year	2 036 992	2 025 255
Share options exercised	4 778	11 737
Share issue	3 978 573	–
Treasury shares acquired	(37 563)	–
Treasury shares sold	144	–
Preference share capital	2	2
Balance at beginning of the year	2	2
Equity compensation reserve	57 566	50 551
Balance at beginning of the year	50 551	42 126
Share-based payments	11 793	8 425
Share options exercised	(4 778)	–
Foreign currency translation reserve	2 661 342	1 916 514
Balance at beginning of the year	1 916 514	1 005 260
Foreign currency translation realised	(99 744)	(698 028)
Foreign currency translation adjustments	844 572	1 609 282
Other non-distributable statutory reserves	(123 092)	(23 151)
Balance at beginning of the year	(23 151)	(37 965)
Fair value adjustment of available-for-sale financial instrument	–	(25 029)
Reclassification of available-for-sale investments	–	50 029
Foreign currency translation adjustments	(1 455)	(9 148)
Cash flow hedge	(76 975)	(1 038)
Deferred tax effect on cash flow hedge	(393)	–
Net business combination acquisition	(21 118)	–
Movement in accumulated profit	8 853 554	8 055 520
Balance at beginning of the year	8 055 520	7 079 678
Actuarial gains recognised	1 147	8 579
Profit for the year	1 060 285	1 232 526
Ordinary dividends paid	(204 304)	(209 909)
Preference dividends paid	(59 094)	(55 354)
Total interest of shareholders of the company	17 432 296	12 036 428
Equity attributable to non-controlling interests of the company	48 185	96 239
Balance at beginning of the year	96 239	126 533
Foreign currency translation adjustments	301	9 297
Business acquisitions/(disposals)	21 548	(54 502)
Non-controlling interest disposed	(78 685)	–
Profit for the period	15 692	29 524
Dividends paid	(6 910)	(14 613)
Total equity attributable to shareholders of the company	17 480 481	12 132 667

SEGMENTAL ANALYSIS

for the year ended 31 December 2014

CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Audited 31 December 2014* R000	Audited 31 December 2013* R000
Revenue		
Freight Services	5 653 512	5 853 538
Shipping	22 106 063	18 472 198
Financial Services	376 912	370 790
Group	4 580 465	7 438 466
	32 716 952	32 134 992
Segmental adjustments**	(18 804 470)	(16 472 966)
	13 912 482	15 662 026
Earnings before interest, taxation, depreciation and amortisation		
Freight Services	1 053 611	1 175 217
Shipping	638 913	690 455
Financial Services	175 210	156 138
Group	(42 750)	(260 695)
	1 824 984	1 761 115
Segmental adjustments**	(658 973)	(874 425)
	1 166 011	886 690
Operating profit/(loss) before interest and taxation		
Freight Services	732 073	912 499
Shipping	227 421	346 219
Financial Services	171 401	154 456
Group	(58 597)	(270 383)
	1 072 298	1 142 791
Segmental adjustments**	(453 430)	(719 213)
	618 868	423 578
Share of associate companies' profit/(loss) after taxation		
Freight Services	79 538	30 625
Group	3 607	(7 275)
	83 145	23 350
Profit/(loss) attributable to ordinary shareholders		
Freight Services	613 269	659 083
Shipping	223 765	852 384
Financial Services	111 979	92 254
Group	52 178	(426 549)
	1 001 191	1 177 172

* Trading businesses have now been included in the Freight Services and Shipping divisions.

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

SUMMARISED CONSOLIDATED NOTES

for the year ended 31 December 2014

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 2014	Purchase consideration R000
RRL Grindrod Locomotives Proprietary Limited	Rail	49	30 June	264 110
RRL Grindrod Proprietary Limited	Rail	50	30 June	37 500
Unicorn Calulo Shipping Services Proprietary Limited	Shipping services	50	30 June	26 800
Unicorn Calulo Bunker Services Proprietary Limited	Bunker services	25	30 June	127 400
Sturrock Grindrod Maritime Holdings Proprietary Limited	Ships agencies	50	30 June	190 400
Grindrod South Africa Proprietary Limited	Freight services	25	30 June	30 022
Grindrod Rail Construction Proprietary Limited	Rail	25	30 June	9 000
Grindrod Corridor Management Proprietary Limited	Terminals	30	30 June	7 900
Grindrod Locomotives Technology Proprietary Limited	Rail	100	1 October	15 000
North West Rail Limited	Rail	89.5	1 October	6 669
Total purchase consideration				714 801

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 2014	Disposal consideration R000
Russelstone Protein Proprietary Limited	Trading	30	31 December	(17 419)
Oiltanking Grindrod Calulo Holdings Proprietary Limited	Liquid-bulk storage and trading	7.5	30 June	(5 022)
Total disposal consideration				(22 441)

Reasons for acquisitions

The primary reasons for acquisitions were to enable Grindrod to create greater alignment between subsidiary companies and the group, eliminate any conflicts of interests which might exist, enable more efficient management of the businesses, appropriately capitalise the businesses and leverage the group's statement of financial position in raising debt facilities.

**CONDENSED
CONSOLIDATED ANNUAL
FINANCIAL STATEMENTS**

Impact of the acquisitions on the results of the group

From the dates of their acquisition, the acquired businesses contributed attributable profit of R26.2 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	487 498
Intangibles	132 998
Interest in associate companies	(213)
Taxation	(21 671)
Working capital	83 824
Cash and bank	230 982
Non-controlling interest	47 249
Business combination reserve	13 186
Long-term liabilities	(333 053)
Post-retirement medical aid	(1 979)
Short-term borrowings	(122 595)
Bank overdraft	(1 082)
Deferred taxation	19 891
Total	535 035
Earnout	(71 300)
Less: disposal of investment in joint ventures	(219 621)
Less: profit on sale on disposal of investment in joint ventures	(421 278)
Goodwill and intangible assets arising on acquisition	891 965
Total purchase consideration	714 801
Cash acquired	(229 900)
Net assets acquired	484 901
Interest in associate and joint venture companies disposed	(14 885)
Add: profit on sale on disposal of associates	(7 556)
Net assets disposed	(22 441)
Net assets acquired and disposed	462 460

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

Leases and ship charters

	Audited 31 December 2014 R000	Audited 31 December 2013 R000
Operating leases and ship charters		
Income	1 134 933	486 911
Expenditure	4 522 157	3 788 193
Finance lease liabilities	41 969	54 478

SUMMARISED CONSOLIDATED NOTES continued

for the year ended 31 December 2014

Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Audited 31 December 2014 R000	Audited 31 December 2014 R000	Audited 31 December 2014 R000	Audited 31 December 2014 R000
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss	23 762	252 999	435 392	712 153
Total	23 762	252 999	435 392	712 153
Financial liabilities				
Derivative financial instruments	–	(88 540)	–	(88 540)
Total	–	(88 540)	–	(88 540)
	Audited 31 December 2013 R000	Audited 31 December 2013 R000	Audited 31 December 2013 R000	Audited 31 December 2013 R000
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	35 613	6 583	–	42 196
Other financial assets held-for-trading	–	23 769	–	23 769
Financial assets designated at fair value through profit or loss	25 532	175 604	342 501	543 637
Total	61 145	205 956	342 501	609 602
Financial liabilities				
Derivative financial instruments	(9 199)	(10 484)	–	(19 683)
Other financial liabilities held-for-trading	–	(45 193)	–	(45 193)
Total	(9 199)	(55 677)	–	(64 876)

Fair value gains recognised in the statement of comprehensive income for Level 3 financial instruments were R61.3 million (2013: R13.3 million).

Reconciliation of Level 3 fair value measurements of financial assets

	Audited 31 December 2014 R000	Audited 31 December 2013 R000
Opening balance	342 501	180 405
Additions	51 402	186 520
Disposals	(19 803)	(12 740)
Total movement recognised		
– in other comprehensive income	–	25 000
Reclassified to profit or loss	–	(50 029)
Profit and loss	61 292	13 345
Closing balance	435 392	342 501

Contingent assets/liabilities

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R6 263 550 000 (2013: R7 941 355 000) of which R2 231 427 000 (2013: R4 629 690 000) had been utilised at year-end.

The company guaranteed charter-hire payments of subsidiaries amounting to R1 137 690 000 (2013: R1 194 376 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2015 to 2022.



- 1 Grindrod coal & magnetite terminal in Matola, Maputo
- 2 Grindrod Logistics Automotive – autocarrier truck
- 3 IVS KESTREL Handysize Bulk Carrier built 2014 dwt 33 000
- 4 OACL MV Frontier built 1987 TEU capacity 1022
- 5 General Manager, SGM Marine Tech, conducting a routine inspection after ship engine repair

SHAREHOLDERS' DIARY

31 December 2014	25 February 2015	27 March 2015	20 May 2015	21 August 2015
Financial year-end	Financial results publication date	Annual financial statements	Annual general meeting	Interim report

SHARE ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 December 2014

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	17 089	75.21	28 641 608	3.76
5 001 to 10 000 shares	2 607	11.47	18 321 544	2.40
10 001 to 50 000 shares	2 384	10.49	47 305 572	6.21
50 001 to 100 000 shares	281	1.24	18 847 306	2.47
100 001 shares and over	360	1.59	648 937 284	85.16
	22 721	100.00	762 053 314	100.00
Non-public shareholders	8	0.04	182 360 149	23.93
Directors of the company	6	0.02	2 123 478	0.28
Treasury stock	1	0.01	10 433 871	1.37
Strategic holdings	1	0.01	169 802 800	22.28
Public shareholders	22 713	99.96	579 693 165	76.07
	22 721	100.00	762 053 314	100.00
Investor profile				
Banks	85	0.37	61 077 193	8.01
Close corporations	265	1.17	2 867 435	0.37
Empowerment	1	0.01	64 000 000	8.40
Endowment funds	171	0.75	4 314 716	0.56
Individuals	16 851	74.16	91 152 199	11.96
Insurance companies	45	0.20	35 211 778	4.62
Investment companies	8	0.04	3 194 863	0.42
Medical schemes	26	0.11	732 826	0.10
Mutual funds	173	0.76	78 872 864	10.35
Other corporations	137	0.60	580 926	0.08
Own holdings	1	0.01	7 905 599	1.04
Private companies	578	2.54	91 642 310	12.03
Public companies	13	0.06	170 544 619	22.38
Retirement funds	263	1.16	105 105 933	13.79
Trusts	4 104	18.06	44 850 053	5.89
	22 721	100.00	762 053 314	100.00
Geographical breakdown				
South Africa	22 349	98.36	678 125 820	88.99
United States of America and Canada	57	0.25	46 480 572	6.10
United Kingdom	109	0.48	29 243 158	3.84
Rest of Europe	38	0.17	3 004 086	0.39
Rest of the world	168	0.74	5 199 678	0.68
	22 721	100.00	762 053 314	100.00
Beneficial shareholders holding 5% or more				
Remgro			169 802 800	22.28
Government Employees Pension Fund			75 649 514	9.93
Grindrod Investments Proprietary Limited (Grindrod family)			74 209 634	9.74
Newsshelf 1279 Proprietary Limited			64 000 000	8.40
			383 661 948	50.35
Top 10 Fund Managers				
Public Investment Corporation			61 931 288	8.13
Coronation Fund Managers			29 179 084	3.83
Sanlam Investment Management			25 490 535	3.34
Dimensional Fund Advisors			22 605 182	2.97
Old Mutual Investment Group			19 012 217	2.49
Oasis Asset Management			18 272 819	2.40
Alan Gray Asset Management			16 567 405	2.17
STANLIB Asset Management			11 966 300	1.57
The Vanguard Group, Inc.			11 628 154	1.53
First State Investments			8 781 882	1.15
			225 434 866	29.58

SHARE ANALYSIS OF CUMULATIVE, NON-REDEEMABLE, NON-PARTICIPATING, NON-CONVERTABLE PREFERENCE SHARES

as at 31 December 2014

SHAREHOLDERS' INFORMATION

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	2 063	89.23	2 783 926	37.62
5 001 to 10 000 shares	136	5.88	989 202	13.37
10 001 to 50 000 shares	96	4.15	1 718 360	23.22
50 001 to 100 000 shares	12	0.52	920 688	12.44
100 001 shares and over	5	0.22	987 824	13.35
	2 312	100.00	7 400 000	100.00
Non-public shareholders	2	0.09	18 592	0.25
Public shareholders	2 310	99.91	7 381 408	99.75
	2 312	100.00	7 400 000	100.00
Investor profile				
Banks	5	0.22	52 856	0.71
Close corporations	20	0.87	42 203	0.57
Endowment funds	23	0.99	118 859	1.61
Individuals	1 566	67.73	3 011 788	40.70
Insurance companies	7	0.30	147 725	2.00
Investment companies	3	0.13	9 469	0.13
Medical schemes	3	0.13	14 263	0.19
Mutual funds	35	1.51	1 360 257	18.38
Other corporations	11	0.48	43 460	0.59
Own holdings	1	0.04	16 983	0.23
Private companies	72	3.11	523 245	7.07
Public companies	2	0.09	179 390	2.42
Retirement funds	14	0.61	157 714	2.13
Trusts	550	23.79	1 721 788	23.27
	2 312	100.00	7 400 000	100.00
Geographical breakdown				
South Africa	2 288	98.96	7 340 477	99.20
United States of America and Canada	1	0.04	1 400	0.02
United Kingdom	5	0.22	13 487	0.18
Rest of Europe	6	0.26	7 399	0.10
Rest of the world	12	0.52	37 237	0.50
	2 312	100.00	7 400 000	100.00

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the forty-eighth 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, 27 May 2015 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 28 May 2014 are available for inspection at the registered office of the company until 16:00 on 26 May 2015.

1. Presentation of annual financial statements and reports

- 1.1** To present the audited annual financial statements for the financial year ended 31 December 2014, together with the reports of the audit committee, the directors and the auditors.

The summarised consolidated annual financial statements for 2014 are set out on pages 94 to 102 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 85 to 86 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 AC Brahde
- 2.1.2 GG Gelink
- 2.1.3 MJ Hankinson

The nomination committee of the company has conducted an assessment of the performance of each of the retiring candidates and the board accepted the results of the assessments. Accordingly, the board recommends their re-election to shareholders.

Brief CVs of the directors are provided on pages 58 to 62 of the integrated annual report.



2.2 Ordinary resolution 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 the appointment of the following director, appointed by the board since the previous annual general meeting:

- 2.2.1 T Fubu

The nomination committee of the company has assessed the eligibility of the newly appointed candidate and the board accepted the results of the assessment. Accordingly, the board recommends her election to shareholders.

A brief CV of the director is provided on page 60 of the integrated annual report.



2.3 Ordinary resolution 2.3: Election of member and appointment of chairman of the audit committee

To vote on the election of GG Gelink, 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 page 60 of the integrated annual report.



2.4 Ordinary resolution 2.4: 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 of the company, as members of the audit committee to hold office until the end of the next annual general meeting of the company:

- 2.4.1 T Fubu
- 2.4.2 WD Geach

Brief CVs of the audit committee members are provided on page 60 of the integrated annual report.



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

To vote, each by way of a 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 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 2015 to 30 June 2016, as set out below, be approved.

	Member/Directors/Chairman	Present	Proposed
Board of directors	Chairman	R750 000	R802 500
	Non-executive director	R241 000	R257 870
		£20 000	£22 000
Audit committee	Chairman	R193 000	R206 510
	Member	R107 000	R114 500
Remuneration committee	Chairman	R107 000	R114 500
	Member	R59 000	R63 200
Nomination committee	Chairman	R107 000	R114 500
	Member	R59 000	R63 200
Social and ethics committee	Chairman	R90 000	R96 300
	Member	R54 000	R57 800
Risk management committee*	Chairman	–	R137 680
	Member	–	R76 340

* The risk management committee will be established in 2015 following a resolution of the board passed at its November 2014 meeting.

The remuneration 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 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 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 are hereby authorised, to the extent required by the Act, and subject to compliance with the requirements of the company's memorandum of incorporation (MOI) and the JSE Listings Requirements (each as presently constituted and as amended from time to time), to provide direct or indirect financial assistance, including by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company or any of its subsidiaries, and/or to any member of such subsidiary or related or inter-related company or entity, for the specific purpose of or in connection with, the subscription of any option or securities issued or to be issued by the company or a related entity, provided that the board has applied the solvency and liquidity tests as set out in section 4 of the Act and the terms of the proposed financial assistance is fair and reasonable to the company.

3.3 Special resolution 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 are hereby authorised, subject to the provisions of section 45 of the Act, compliance with the requirements of the company's MOI, the JSE Listings Requirements (each as presently constituted and as amended from time to time) and any other applicable laws that may exist from time to time, to provide direct or indirect financial assistance ('financial assistance' will herein have the meaning attributed to it in section 45(1) of the Act) that the board of directors of the company may deem fit, to any related or inter-related company or to any juristic person who is a member of or related to any such companies ('related' and 'inter-related' will herein have the meaning so attributed in section 2 of the Act) on the terms and conditions that the board of directors of the company may determine from time to time.

3.4 Special resolution 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 provision of section 48, read with section 46 of the Act and of the JSE Listings Requirements, to approve the purchase by the company of its own ordinary shares, and the purchase 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;
- (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 paragraph 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.

3.5 Special resolution 3.5: Repurchase of the company's preference shares

That, as a general approval, the directors of the company be and they are hereby authorised, subject to provision of section 48, read with section 46 of the Act and of the JSE Listings Requirements, to approve the purchase by the company of its own preference shares, and the purchase of preference 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 preference 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;

- (iii) in determining the price at which the company's preference 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 preference 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 preference shares in the aggregate in any one financial year may not exceed 20 per cent of the company's issued preference 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 preference shares during a prohibited period as defined in paragraph 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 preference 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 company's remuneration policy as set out in the remuneration report on page 72 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 Friday, 27 March 2015.

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, 22 May 2015. Accordingly, the last date to trade in order to be eligible to attend and vote at the annual general meeting is Friday, 15 May 2015. Forms of proxy for the annual general meeting are to be lodged by 14:00 on Monday, 25 May 2015.



NOTICE OF THE ANNUAL GENERAL MEETING continued

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, 27 May 2015, preference shareholders are entitled to attend the meeting and to vote together with ordinary shareholders in respect of special resolutions numbers 3.4 and 3.5 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 25 May 2015 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 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 email 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
27 March 2015

FORM OF PROXY FOR ORDINARY SHAREHOLDERS



Grindrod Limited

(Incorporated in the Republic of South Africa)

Registration number 1966/009846/06

Share code: GND and GNDP

ISIN: ZAE000072328 and ZAE000071106

(the company)

For use in respect of the forty-eighth 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 in the capital of the company

do hereby appoint

1. _____ of _____ or failing him/her,

2. _____ of _____ 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, 27 May 2015 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 AC Brahde			
2.1.2 GG Gelink			
2.1.3 MJ Hankinson			
Ordinary resolution no. 2.2: Confirmation of appointment of newly appointed directors			
2.2.1 T Fubu			
Ordinary resolution no. 2.3: Election of member and appointment of chairman of the audit committee – GG Gelink			
Ordinary resolution no. 2.4: Election of members of the audit committee			
2.4.1 T Fubu			
2.4.2 WD Geach			
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 thereat 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.

FORM OF PROXY FOR PREFERENCE SHAREHOLDERS



Grindrod Limited

(Incorporated in the Republic of South Africa)

Registration number 1966/009846/06

Share code: GND and GNDP

ISIN: ZAE000072328 and ZAE000071106

(the company)

For use in respect of the forty-eighth annual general meeting of the company by certificated shareholders or of dematerialised shareholders with own name registration.

Holders of dematerialised preference 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 _____ preference shares in the capital of the company

do hereby appoint

1. _____ of _____ or failing him/her,

2. _____ of _____ 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, 27 May 2015 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
Special resolution no. 3.4: Repurchase of the company's ordinary shares			
Special resolution no. 3.5: Repurchase of the company's preference shares			

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 thereat 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.

Abbreviation	Definition
ATM	Automated teller machine
B-BBEE	Broad-based Black Economic Empowerment
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
CIS	Collective Investment Scheme
Company	Grindrod Limited
CSDP	Central Securities Depository Participant
DPW	Dubai Ports World
DRC	Democratic Republic of Congo
DWT	Deadweight tonne
EBITDA	Earnings Before Interests, Tax, Depreciation and Amortisation
ETF	Exchange-traded Fund
FSB	Financial Services Board
FSP	Forfeitable Share Plan
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GHG	Greenhouse gas
GML	Grindrod Mozambique Limitada
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
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMO	International Maritime Organisation
IMF	International Monetary Fund
IRR	Internal rate of return
<IR>	Integrated Reporting
ISO	International Standards Organisation
IT	Information Technology
IVS	Island View Shipping
JSE	JSE Limited
kg	Kilogram
KING III	The King Report on Governance for South Africa 2009

ABBREVIATIONS continued

Abbreviation	Definition
KPI	Key performance indicator
kWh	Kilowatt hour
LTIFR	Lost-time injury frequency rate
MARPOL	International Convention for the Prevention of Pollution from Ships
MCTL	Grindrod Maputo car terminal
MOGS	Mining, Oil and Gas Services
MOI	Memorandum of incorporation
MPDC	Maputo Port Development Company
MR	Medium-range
mtpa	Million tons per annum
NERSA	National Energy Regulator of South Africa
NLPI	NLPI Limited
NM	Nautical mile
NOx	Nitrous oxide
NPAT	Net profit after tax
OACL	Ocean Africa Container Lines
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Advisory Services
OTGC	Oiltanking Grindrod Calulo
PMBOK	Project Management Body of Knowledge
PMO	Project Management Office
PRINCE II	Projects In Controlled Environments II
S&P	Standard and Poor's
SAICA	South African Institute of Chartered Accountants
SAMSA	South African Maritime Safety Authority
SAMTRA	South African Maritime Training Academy
SASSA	South African Social Security Agency
SARS	South African Revenue Service
SGM	Sturrock Grindrod Maritime
SHEQ	Safety, health, environment and quality
SHERQ	Safety, health, environment, risk and quality
SOx	Sulphur oxide
SRI	Social Responsibility Investment (index)
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)
UK	United Kingdom
UNGC	United Nations Global Compact
UNICORN	Unicorn Shipping
USA	United States of America
US\$	United States dollar

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, burned 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).

TERMS AND EXPRESSIONS continued

Charterer

A person, firm or company hiring a vessel for the carriage of goods or other purposes.

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 two 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.

Take-or-pay agreement

A contractual agreement in which one party agrees to utilise specific capacity of another party's total available capacity or to pay the equivalent cost even if the contacted capacity is not utilised.

Technical management

Management of those aspects of ship owning and operation that relate to the physical operation of a vessel, including the provision of crew, routine maintenance, repairs, 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

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