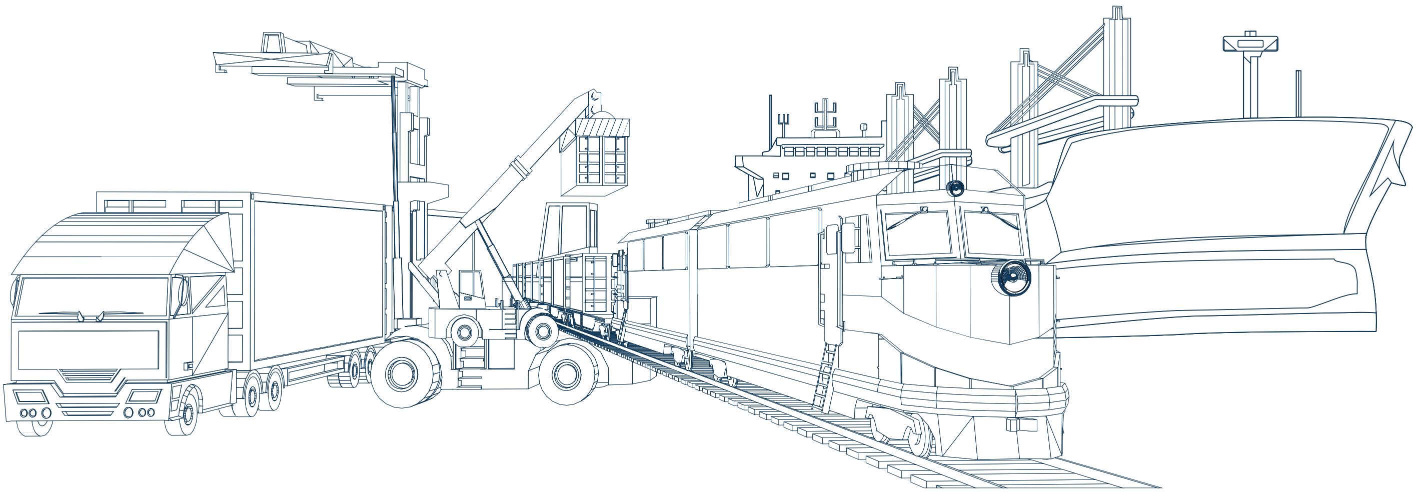
GRINDROD

INTEGRATED ANNUAL REPORT 2016



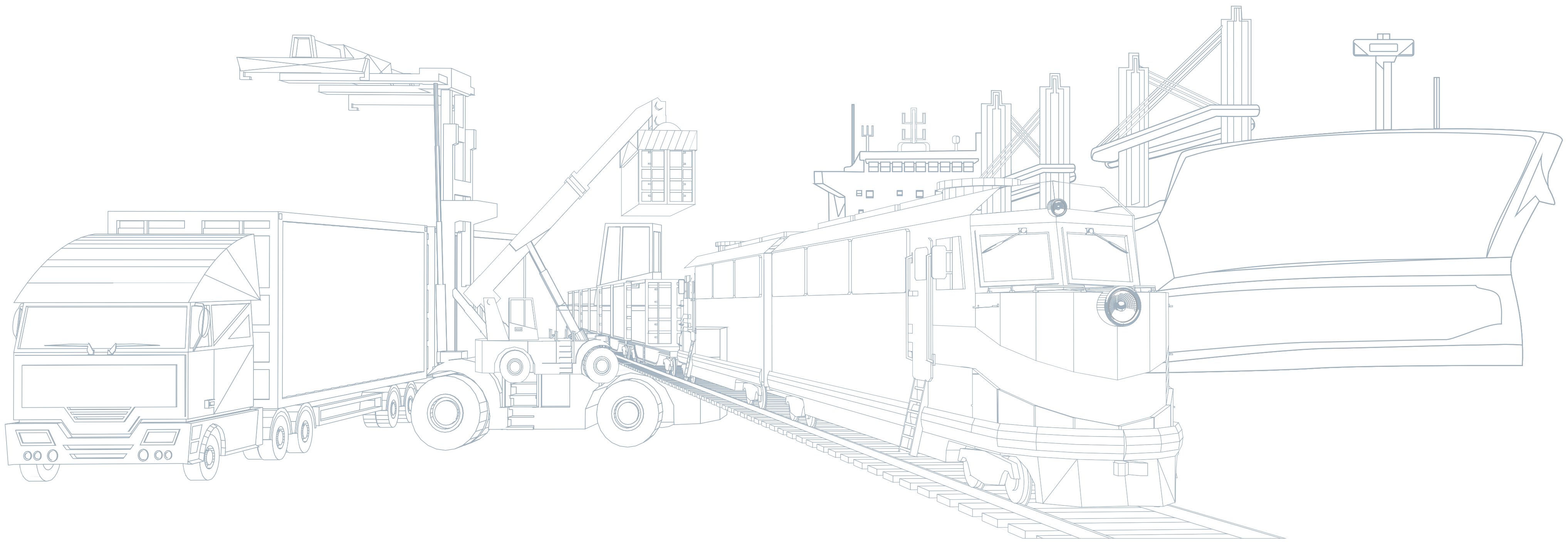
FINANCIAL + FREIGHT + SHIPPING

www.grindrod.com

FREIGHT SERVICES

SHIPPING

FINANCIAL SERVICES



CONTENTS

GRINDROD
OUR STORY

1910

Captain John Grindrod establishes a clearing and forwarding agency that would grow into a company with a **current annual turnover of R24.9 billion** (inclusive of joint ventures) and total assets of R39.1 billion (inclusive of joint ventures).

1922

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

1933

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

1966

African Coasters merges with Thesen's Steamship Company to form Unicorn Lines. Today, Unicorn Shipping **owns and long-term charters 18** medium-range and small-products **tankers**.

1971

The **company pioneers containerisation in the country** and **establishes the first container depot and service**. Today Ocean Africa Container Lines (OACL) provides a container feeder service between ports in Mozambique, South Africa, Namibia and Angola.

1986

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 2016 the company's **market capitalisation** was in excess **of R10.2 billion.**

1999

The **company purchases dry-bulk charterer Island View Shipping** (IVS). Today, IVS operates and commercially manages **42 owned and long-term chartered** handysize, supramax and capesize **dry-bulk carriers**, with one fuel- and emissions-friendly supramax carrier on order, all commercially managed.

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 **Bridge Fund Managers**, with **total assets under management of R17.37 billion**.

2007

The **company invests in the Maputo Port Development Company**, which today manages a **port throughput of 14.9 million tonnes a year**. This investment established a base for further investments in dry-bulk and car terminals, which today have an **annual terminal throughput** capacity of **15.2 million tonnes dry bulk** and **120 000 vehicles**.

2009

Grindrod concludes a **major black economic empowerment (BEE) transaction** with Calulo and Adopt-a-School Foundation, incorporating the majority of the South African based freight services activities.

2011

Grindrod enters into a R2 billion **equity raising transaction underwritten by 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. It gears 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.

2016

Projects targeting diversification gain traction, but major long-term projects are not initiated due to **depressed commodity markets**.

ABOUT THIS REPORT

Integrated reporting

The Grindrod Limited (Grindrod) integrated annual report aims to provide stakeholders with a balanced assessment of its ability to create and sustain value to ensure short-, medium- and long-term viability. The report provides a complete and balanced review of Grindrod's economic, social and environmental performance within the context of its strategy and risks and opportunities for the period 1 January 2016 to 31 December 2016.

The report includes information on subsidiaries and local and international joint-venture partners and associates where appropriate. The report must be read in conjunction with the audited annual financial statements and other supplementary information, available on Grindrod's website.

In creating value, Grindrod utilises various capital resources. This report has consequently been compiled in accordance with the concepts, guiding principles and content elements contained in the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC), including disclosures based on the six identified capitals.

Sustainability reporting is based on the identification, prioritisation and validation of material aspects to promote disclosure that appropriately reflects materially significant economic, environmental and social aspects and performance in the wider context of sustainability and the reasonable expectations and interests of stakeholders. Material aspects are those which have the potential to substantially impact 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.

Sustainability reporting is guided by the Global Reporting Initiative's (GRI's) G4 Sustainability Reporting Guidelines. An assessment of reporting structures will provide for disclosure in future reporting periods based on the recently published GRI Sustainability Reporting Standards. A GRI-G4 content index, based on a core "in accordance" option, is available on Grindrod's website.

The indicator assessments included in the Financial Times Stock Exchange (FTSE) Environmental, Social and Governance (ESG) Ratings methodology, used as a basis for the FTSE/JSE Responsible Investment Index, are also considered. Grindrod has, based on external assessment, been included in the FTSE/JSE Responsible Investment Index and FTSE/JSE Responsible Investment Top 30 Index.

In compiling its integrated annual report and supplementary information, Grindrod also applies the Johannesburg Stock Exchange Limited (JSE) Listings Requirements, International Financial Reporting Standards (IFRS), the South African Companies Act No. 71 of 2008, as amended (the Companies Act) and is guided by the principles contained in the 2009 King Report on Corporate Governance for South Africa (King III) and, to the extent achieved through early adoption, the 2016 King Report on Corporate Governance for South Africa (King IV).

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 approval of the report 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 accordingly approved the 2016 integrated annual report on 1 March 2017 for release to shareholders.

Mike Hankinson
Chairman

Alan Olivier
Chief executive officer

KEY INFORMATION 2016

HEADLINE (LOSS)/ EARNINGS

182.3%
(R460) million
2015: R559 MILLION

SAFETY: FATALITIES

50%
One fatality
2015: TWO FATALITIES

HEADLINE EARNINGS PER SHARE

182.3%
(61.2) cents
2015: 74.4 CENTS

ENERGY INTENSITY

13.0%
0.26 MJ/rand revenue
2015: 0.23MJ/RAND REVENUE

CASH GENERATED FROM OPERATIONS

65.2%
R491.7 million
2015: R1 412.6 MILLION

HDSA

1.2%
73.9 per cent
2015: 74.8 PER CENT

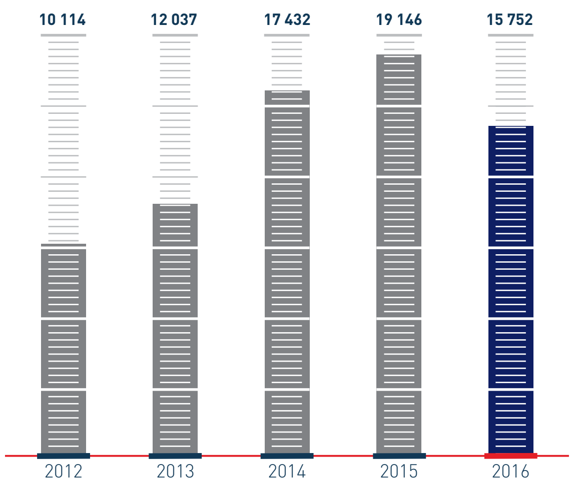
NET ASSET VALUE PER SHARE

18.1%
2 007 cents
2015: 2 450 CENTS

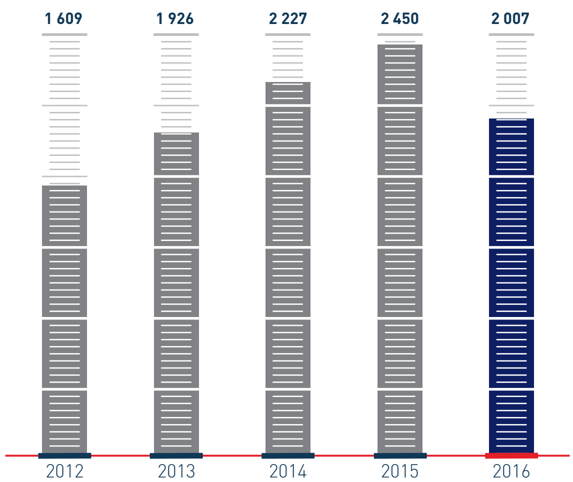
SOCIAL RESPONSIBILITY SPEND

63.0%
R11.9 million
2015: R7.3 MILLION

Shareholders' funds (Rm)

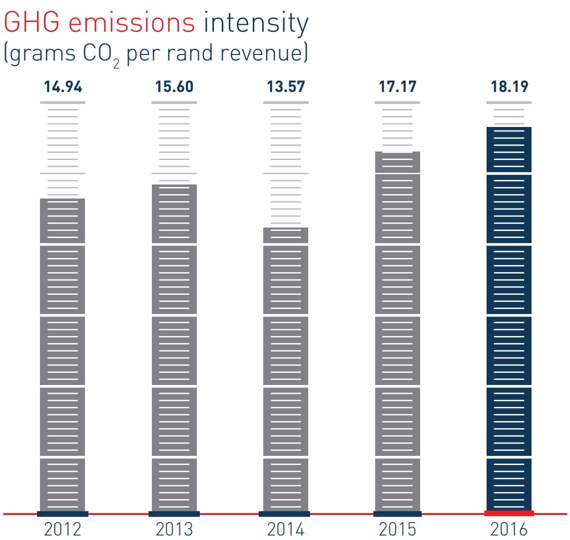


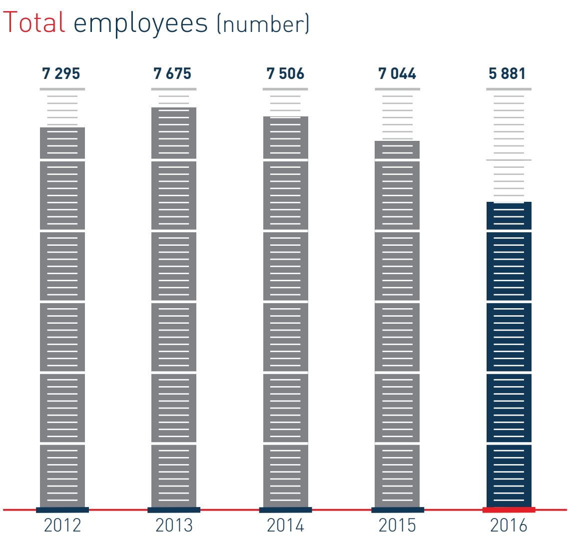
Net worth per share (cents)



		2016	2015	%
Financial				
Headline (loss)/earnings	Rm	**(460)**	559	(182.3)
Attributable loss	Rm	**(1 908)**	(1 426)	33.8
Cash generated from operations	Rm	**492**	1 413	(65.2)
Dividends per ordinary share	cents	**–**	19.6	(100.0)
Return on ordinary shareholders' funds	%	**(11.4)**	(8.1)	(40.7)
Net interest-bearing debt/(cash) to total shareholders' interests	%	**2.4**	(0.2)	1 300.0
Capital expenditure*	Rm	**1 128**	1 354	(16.7)
Capital commitments*	Rm	**721**	1 179	(38.8)
Sustainability				
LTIFR – Freight Services		**0.59**	0.67	11.9
LTIFR – Shipping		**0.22**	0.09	(144.4)
LTIFR – Financial Services		**0.00**	0.00	0.00
Greenhouse gas (GHG) emissions intensity – grams CO_2 per rand revenue				
Freight Services	grams	**20.89**	20.47	2.1
Shipping	grams	**17.75**	16.41	8.2
Financial Services	grams	**4.95**	4.90	1.0
Group	grams	**18.19**	17.17	5.9
Employee information				
Number of employees**	No	**5 881**	7 044	(16.5)
Employee cost*	Rm	**1 674**	1 729	(3.2)
Employee cost to revenue*	%	**6.7**	6.2	8.0
Training spend per employee*	R	**1 463**	1 849	(20.9)
Loss per employee*	R000	**(399)**	(245)	(45.7)
Historically disadvantaged South Africans (HDSA) (South African employees)	%	**73.9**	74.8	(1.2)

* *Includes joint ventures at effective shareholding.*
** *Includes joint ventures and associates at 100%.*





CHAIRMAN'S MESSAGE TO STAKEHOLDERS

The severity of the continued downturn in global markets adversely influenced the majority of the group's businesses resulting in a substantial loss being reported for the second consecutive year.

We have, however, used the difficult environment and year to restructure and redirect the group. The restructure involved exiting certain businesses resulting in material impairments. We hope that the new projects will be delivered in the 2017 year.

Markets

Global markets recorded new lows in the first quarter of 2016. Markets stabilised in the second half of the year, improving further towards year-end and into 2017. This trend is giving rise to careful optimism that markets may have bottomed out.

Global shipping markets reeled under the combined effects of low demand for commodity movement and an oversupply of fleet capacity. Shipping rates slumped, with dry-bulk rates at an all-time low in February 2016. Dry-bulk rates reflected improvement during the year, moving above cash cost, but remaining below profit-making at year-end. The dry-bulk market is expecting healthier demand in 2017 following an increase in demolitions and a decrease in newbuilding deliveries. The tanker market will continue to remain under stress with a projected fleet growth of five per cent for the second consecutive year.

Demand for land-based logistics was also weak. This impacted negatively on the utilisation of Grindrod's integrated product chains within the Freight Services division, although results in the second half of the year were substantially better than in the first half.

Global financial markets performed well, supporting continued growth in the Financial Services division and laying the foundation for further expansion, notably its asset-management services.

Strategy

The Grindrod strategy centres around the delivery of strategic projects and acquisitions that build on current strengths or unlock opportunities to diversify into other commodities which offer sustainable logistics potential.

The cancellation or postponement of commodity-project investments in southern Africa as a result of weak economic growth continues to affect the short-term viability of Grindrod's planned capital investments.

Following a review of the strategy the board supported management's proposal to exit the rail-manufacturing businesses. This decision was one of the restructuring measures taken to counter the effects of the adverse market conditions and the board regrets that loyal employees lost their jobs through circumstances outside their control.

The achievement of Grindrod's long-term growth objectives is guided by well-defined corporate-governance criteria to ensure that optimum value is unlocked through disciplined and consistent management. At the base of the governance structure is the King Report on Corporate Governance. The latest report, King IV, was released early in November, with an implementation date in financial years starting from April 2017.

The board decided on the early adoption of King IV as it fully supports the increased focus on ethical leadership and an organisation's role in society, which adds depth to the already entrenched King principles around corporate citizenship, sustainable development, stakeholder inclusivity and integrated reporting.

Grindrod continues to make the safety of its employees, contractors and visitors its number one priority. The board is saddened by a fatality on board a ship in 2016. The incident was appropriately reported and investigated and steps were taken to raise awareness of the safety rule that was transgressed at the time. A continued focus on the Grindrod sustainability pillar of safety and health is evidenced in the improvement in the group's safety record.

Similarly, steps to mitigate the effect of Grindrod's activities on the environment, another sustainability pillar, will continue, to achieve tangible targets set in the Vision 2020 manifesto.

Grindrod retained its inclusion in the FTSE/JSE Responsible Investment Top 30 index, launched in 2015, with improvement in its top-level ESG rating and second-level pillar scores.

2017

The board anticipates an improvement in the global economy, although markets will remain under pressure. Forecasts point to a marginally higher global economic growth rate of 3.6 per cent, an expected 2.9 per cent growth in sub-Saharan Africa and 1.3 per cent in South Africa.

The board is confident that Grindrod has the resources, skills and expertise to continue pursuing its strategic objectives and grow a sustainable business, to the benefit of all stakeholders.

Thank you to employees for their continued dedication, to management for its insightful contributions to strategy formulation and implementation and fellow board members for providing experienced and valued strategic oversight and direction.

I thank Cato Brahde and Jannie Durand for their contribution to the board over many years and welcome newly appointed non-executive directors Gerhard Kotze, Zola Malinga and Raymond Ndlovu. Their high-level business experience will undoubtedly benefit Grindrod in years to come.

Mike Hankinson
Chairman

1 March 2017

CHIEF EXECUTIVE OFFICER'S **REPORT**

Grindrod recorded an attributable loss of R1.91 billion in 2016 (2015: R1.43 billion), mainly as a result of extremely depressed market conditions in the first half of the year and impairments in Shipping and Freight Services Rail businesses.

A headline loss of R459.5 million and headline loss per share of 61.2 cents is reported for the year (headline earnings 2015: R558.8 million and headline earnings per share 2015: 74.4 cents). Headline earnings were impacted by net foreign exchange losses of R138 million, arising primarily from the Mozambican operations and UK investments.

In the second half of the year, business performance improved as increasing demand supported commodity prices. The annual average and year-end prices of three major commodities in the Grindrod logistics chain were: thermal coal averaged US$64 a tonne in 2016, but ended the year at US$83, iron ore averaged US$58 and closed at US$76, while copper averaged US$4 867 and ended the year at US$5 523.

Improved demand in the second half of the year is reflected in Grindrod's dry-bulk terminal utilisation, which increased from an average 41 per cent in the first half to 69 per cent in the second half of the year. Capacity in the Matola and Richards Bay dry-bulk terminals is fully contracted in 2017.

In the first half of the year, dry-bulk shipping rates slumped to historical lows (H1 average indices: Handysize US$4 107; Supramax US$4 741) and then began recovering (H2 average indices: Handysize US$6 387; Supramax US$7 599), driven by increased dry-bulk commodity demand, a significant number of vessel scrappings and a slow-down in new-building deliveries.

Rates in the tanker market declined during the year, reflecting the effects of the high product stock levels and further new-building deliveries particularly in the first half of 2017.

The rail manufacturing businesses continued to experience constraints with the cancellation of planned capital investments in mining projects in Africa. Given the subsequent anticipated inability to secure the desired, sustainable return in these businesses, the Grindrod strategy was reviewed and a decision was taken to withdraw from the rail manufacturing businesses. Further impairment of R644 million across the Rail business have been raised.

The rest of the businesses are aligned to the Grindrod strategy, namely to grow the business organically, by acquisition and seeking synergies within the group, with specific focus on Africa, to become a fully integrated freight and logistics service provider.

Business performance

Management focused on mitigating the effects of the markets, through restructuring businesses for improved efficiency, exploring inter-group synergies, brokering more favourable rates for customers in partnership with other logistics service providers to retain volume, negotiating contracts with existing and new customers and laying the foundation for commodity diversification.

Maputo Port despite challenging conditions in the first half, maintained its profit due to the recovery in volumes in the second half of 2016.

The 75-km dredging project to make the port accessible for fully laden panamax vessels was completed in January 2017 and has already shown benefits with increased volumes in the last quarter of 2016. Other investments in the port included improving berths, roads and paved areas. The project to deepen the Grindrod TCM berth to accommodate the larger vessels and is scheduled for completion during August 2017.

Terminals recorded low utilisation in the first half of the year. Utilisation improved in the second half and further improvement is expected in 2017 following concerted efforts to extend current contracts and to secure competitive integrated logistics chain costs.

Progress with the development of a petroleum-products terminal in the Port of Ngqura (Coega) by Oiltanking Grindrod Calulo (OTGC) was made when the long-term concession agreement between Transnet National Ports Authority (TNPA) and OTGC was signed in December 2016. Customer engagement has recommenced and a final feasibility study is expected during the second half of 2017.

Rail performance slumped due to lack of demand, the postponement of capital investments in green-fields infrastructure and aggressive road-haulage rates. This was partially offset by good performance in the rail leasing businesses. No further material rail contracts have been secured since the beginning of 2015, prompting the decision to exit the businesses.

Carrier Logistics maintained profitability despite severe market challenges in both the auto- and fuel-transportation businesses.

Grindrod Intermodal, which recorded improved financial results during the latter part of 2016 following business interventions and restructuring, laid the foundation for further expansion in Mozambique by acquiring the majority shareholding in a terminal at the Port of Nacala, a developing logistics hub for the region and neighbouring countries.

Ships Agency and Clearing and Forwarding experienced increased competition, resulting in lower margins and volumes. This was exacerbated by declining volumes at South African ports.

Shipping reported a loss for the second consecutive year. Despite the challenging conditions, the division managed to outperform major rates indices. The division remains geared to benefit from increased demand, signs of which are evident in the dry-bulk market. The Shipping policy of investing in next-generation, eco-friendly vessels manufactured by reputable Japanese and Korean ship-builders ensures that it remains in the global lower cost quartile and meets increasingly stringent environmental regulations.

CHIEF EXECUTIVE OFFICER'S **REPORT** continued

At year-end, Shipping owned, jointly owned and long-term chartered 26 dry-bulk (2015: 24) and 15 tanker vessels (2015: 14).

Seafreight continued to provide profitable feeder services between major ports in Mozambique, South Africa, Namibia and Angola. Ship-operating also performed well in a challenging market.

Cockett Marine Oil reported a loss on lower volumes, smaller margins, the impact of the cancellation of a lease contract and the provision for material doubtful debts.

Financial Services continued to grow profits and to generate a good return on capital, with strong growth in its balance sheet and third-party assets under management.

Expansion initiatives included finalising the establishment of the ETF CoreShares business as a separate entity and the merger of Asset Management and private equity house Infinitus Holdings Proprietary Limited to form Bridge Fund Managers. Retail will focus on ensuring that the interests of the 10.5 million SASSA grant beneficiaries are protected when the Net1 contract expires in March 2017.

Business sustainability

A continued focus on the Grindrod sustainability pillar of safety and health is evidenced in the improvement in the group's safety record. Core to business sustainability is the safety of employees, contractors and visitors. I am saddened by the death of a Shipping employee in March during cargo-hold cleaning on a dry-bulk ship. The incident was reported to the relevant authorities and investigated, and management continues to enforce strict adherence to safety procedures and in particular the specific procedure that was transgressed.

Improved efficiencies were achieved by combining operational management of Terminals, Rail, Carrier Logistics and Intermodal.

Shared Services continued to focus on improving cost efficiency and standardising commonly used business processes and systems. This service platform was reviewed in 2016 to ensure that its structure remains fit for purpose.

Shared Services HR manages employee development, a key factor in ensuring that people are adequately skilled for their positions and evaluated for professional growth. Development initiatives include training, talent-management and succession programmes. The service also manages the transformation of the workforce to reflect demographics, which is a priority in people issues.

Social investment remains focused on education and marine and coastal conservation, through Adopt-a-School and the Wildlands Conservation Trust, two well-established organisations that achieve sustainable results.

The focus on environmental preservation covers a wide range of initiatives, measured against targets set in the Grindrod Vision 2020 manifesto.

Business safeguards

Responsible guidelines for quality, sustainability, legal compliance and ethical behaviour are entrenched in Grindrod's governance structure to guide its decisions and actions in achieving business objectives.

Quality control in safety, health and environment are managed against international benchmarks. Freight Services embedded International Standards Organisation (ISO) criteria in its management systems, namely ISO 9001, ISO 14001 and Occupational Health and Safety Advisory Services 18001 (OHSAS 18001). Shipping conforms to stringent International Maritime Organisation (IMO) conventions and laws and all ships under Grindrod management are ISO 9001 and ISO 14001 certificated.

Risk management is an ongoing process, monitored and adjusted at board level through the risk committee. The top three risks in 2016 were shipping markets, commodity exposure and liquidity.

2017

There are signs that some markets are beginning to stabilise, although the supply-demand balance in Shipping remains fragile.

Despite poor trading conditions, the group remains cash-generative at operating level and well positioned to capitalise on opportunities and investments outlined in its strategy and business plan.

I thank our customers, associates, partners, chairman and fellow directors for their support and trust – and express my deep appreciation for the sterling contribution employees and management made to stabilise and grow the business in a challenging environment.

Alan Olivier
Chief executive officer

1 March 2017

GRINDROD'S BUSINESS

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

6 values guide the execution of the vision:

1
Transparency in the disclosure of information.

2
Respect for stakeholders, assets and the environment.

3
Operating with **integrity.**

4
Acting with **professionalism** in service delivery.

5
Treating people with **fairness.**

6
Accountability for actions.

4 sustainability pillars support the values:

1
The **health and safety** of employees, contractors and visitors.

2
Respect for **people.**

3
Minimising the adverse impact of business activities on the **environment.**

4
Respect for the rights, culture and customary livelihoods of **communities.**

The values and sustainability pillars guide the company in formulating its strategies, which are developed with due cognisance of identified risks and opportunities, and focus on optimising the capitals as key inputs to its business operations.

Economic

Financial capital, being equity and debt funding and retained earnings, is used to run the business, fund growth and reward shareholders.

Manufactured capital, comprising port, terminals, interlinking infrastructure and the shipping fleet, provide logistics solutions which form the business base.

Social

Intellectual capital, which built the well-respected Grindrod brand based on specialised knowledge, continues to develop innovative products in a well-managed business.

Human capital is managed to ensure people's health and safety, and invest in their professional and personal growth.

Social and relationship capital is managed through proactive engagement to promote mutual benefit for all stakeholders.

Environmental

Natural capital is central to the sustainability of life and, as such, Grindrod ensures that the adverse effects of its operations on the environment is minimised and mitigated.

Strict corporate governance structures guide the business in compiling business plans and monitoring associated business performance to promote effective decision-making. Sound systems and structures provide for effecting transactions and interacting with stakeholders to achieve divisional objectives:

Freight Services and **Shipping** drive growth by investing in and managing suitable logistics infrastructure to create an integrated logistics solution for bulk cargo movement.

Freight Services integrates group infrastructure and logistics and freight-agency services to move dry- and liquid-bulk commodities, vehicles and containers along import/export corridors.

Shipping operates a diversified fleet of owned, long-term chartered and joint-venture dry-bulk, liquid-bulk, container and bunker vessels across the world, complemented by the supply of marine fuel and lubricants.

Financial Services creates value and achieves growth through its suite of niche investment, asset management, property finance and retail services.

Financial Services comprises Grindrod Bank, an authorised financial-services provider regulated by the South African Reserve Bank, and Bridge Fund Managers, a registered investment-management company and an Financial Services Board (FSB)-authorised financial-services provider.

BUSINESS STRUCTURE

FREIGHT SERVICES

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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. 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 an equity investment 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, Cape Town and Walvis Bay have combined throughput capacities in excess of 15mtpa dry bulk, 280 000m^3 liquid bulk and 120 000 vehicles a year. Stevedoring services are also provided.

RAIL services comprise mainline operations, siding and cargo management and locomotive and wagon leasing and maintenance. Operations are located in South Africa, Mozambique, Zimbabwe, Zambia, Cameroon, Sierra Leone, Ghana and Mauritius.

CARRIER LOGISTICS manages the transportation of vehicles and fuel through its fleet of specialised vehicles.

CONTAINER LOGISTICS provides containerised cargo and cargo-handling services. Warehouse depots have a storage capacity for 27 500 TEU and 210 000 tonnes of cargo.

SHIPS AGENCY AND CLEARING AND FORWARDING provides freight-clearing and forwarding and ships-agency services.

AGRICULTURAL LOGISTICS provides inputs to agricultural producers as well as market access and storage and logistics of bulk agricultural products.

SHIPPING

▶ p 26

Shipping operates a diversified fleet of owned, long-term 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.

ISLAND VIEW SHIPPING (IVS) operates and commercially manages owned and long-term chartered handysize, supramax and capesize dry-bulk carriers. The fleet comprises 35 vessels. In addition, a number of third-party vessels are commercially managed in the IVS pools.

UNICORN SHIPPING owns and long-term charters 18 medium-range and small-products tankers, including six in joint ventures.

SEAFREIGHT, through OACL, provides a coastal shipping service calling major ports in South Africa, Mozambique, Namibia and Angola. In addition OACL operates multi-purpose terminals in Durban that cater to containerised, break-bulk and bulk cargoes, including warehousing and distribution.

SHIP-OPERATING complement the dry-bulk services with shorter-term parcel services, using supramax bulk carriers, and liquid bulk services using four liquid-bulk coastal carriers.

MARINE FUEL Cockett Group is a global reseller of marine fuel products, including physical supply at select locations through its subsidiary V-Marine Fuels, and is a joint venture between Grindrod and Vitol.

BUNKER TANKERS operate three vessels in the ports of Durban and Cape Town.

FINANCIAL SERVICES

▶ p 30

The Financial Services division provides niche investment, asset management, loan finance and retail services through Grindrod Bank and Bridge Fund Managers.

GRINDROD BANK is an authorised financial-services credit provider regulated by the SARB.

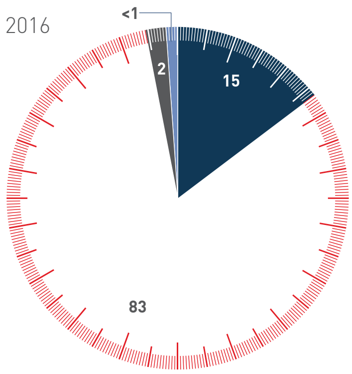
Banking products include secured and mezzanine loans, corporate finance services, preference-share investments, treasury deposits as well as retail card services.

NON-BANK FINANCIAL SERVICES include medium-term private equity investments (property and other), third-party asset management services and a suite of 14 CoreShare Index Tracker Manager ETFs.

Bridge Fund Managers, a subsidiary of Infinitus Holdings Proprietary Limited, is a registered investment management company and a FSB authorised financial services provider holding Category I and II licences. It provides bespoke investment management, stockbroking, financial planning and fiduciary services to individuals, family trusts and educational and charitable institutions. It also manages investments on behalf of institutional investors and pension funds in segregated portfolios, and a suite of three offshore US$-denominated unit trusts and 10 local Collective Investment Schemes.

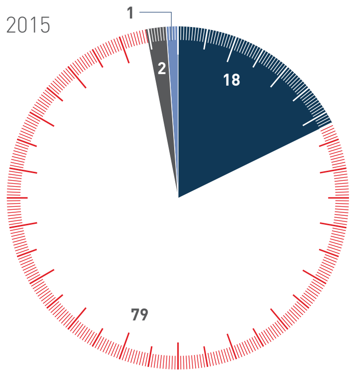
Revenue (management) (%)

2016



R24.9 million

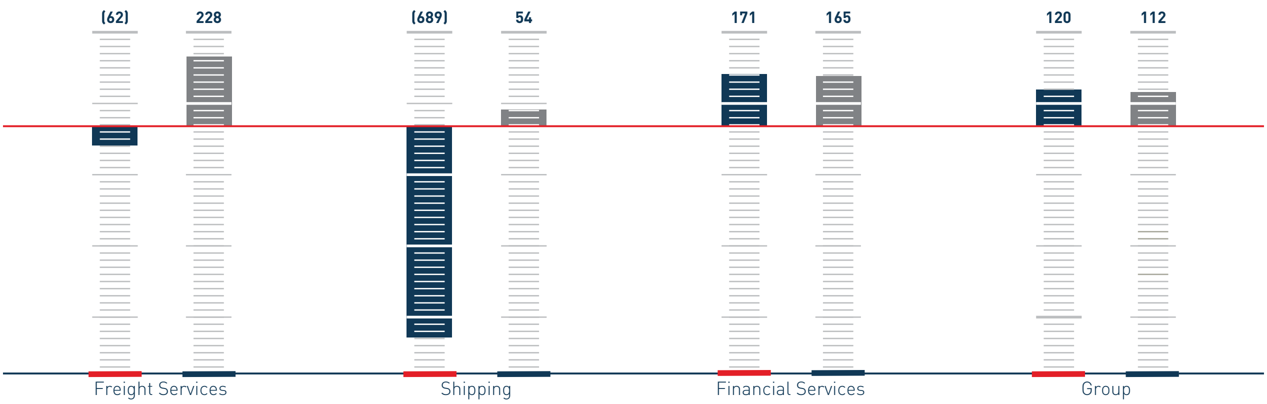
2015



R27.9 million

- Freight Services
- Shipping
- Financial Services
- Group

Headline earnings/(loss) (Rm)



■ 2016 ■ 2015

BUSINESS PROFILE

GRINDROD

FREIGHT SERVICES

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 Terminals, Richards Bay
49.9% – RBT Grindrod, Richards Bay (RBTG)
75% – Port of Walvis Bay, Namibia

Liquid-bulk terminals
30.5% – Oiltanking Grindrod Calulo, Durban (OTGC)
30.5% – Oiltanking Grindrod Calulo, Cape Town (OTGC)

Stevedores
100% – Bay Stevedores, Richards Bay
49% – Grindrod Namibia Stevedoring, Walvis Bay

Rail
Main-line operations
28% – NLPI Group

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

Locomotive leasing and maintenance
55% – GPR Leasing Africa
55% – GPR Leasing South Africa
100% – Grindrod Mauritius Rail

Carrier logistics
Auto road transportation
100% – Grindrod Logistics

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

Container logistics
Container logistics
100% – Grindrod Intermodal

Ships agency and clearing and forwarding
Clearing and forwarding
42.5% – Röhlig-Grindrod

Ships agency services
100% – Sturrock Grindrod Maritime

Agricultural logistics
Agricultural Logistics
21% – Senwes
20% – NWK

SHIPPING

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

Liquid-bulk shipping
100% – Unicorn Shipping

Ship operating
100% – Unicorn Tankers (SA Coast)
100% – Unicorn Barges
100% – Parcel Services

Seafreight
100% – Ocean Africa Container Lines (OACL)

Marine fuel
50% – Cockett Marine Oil

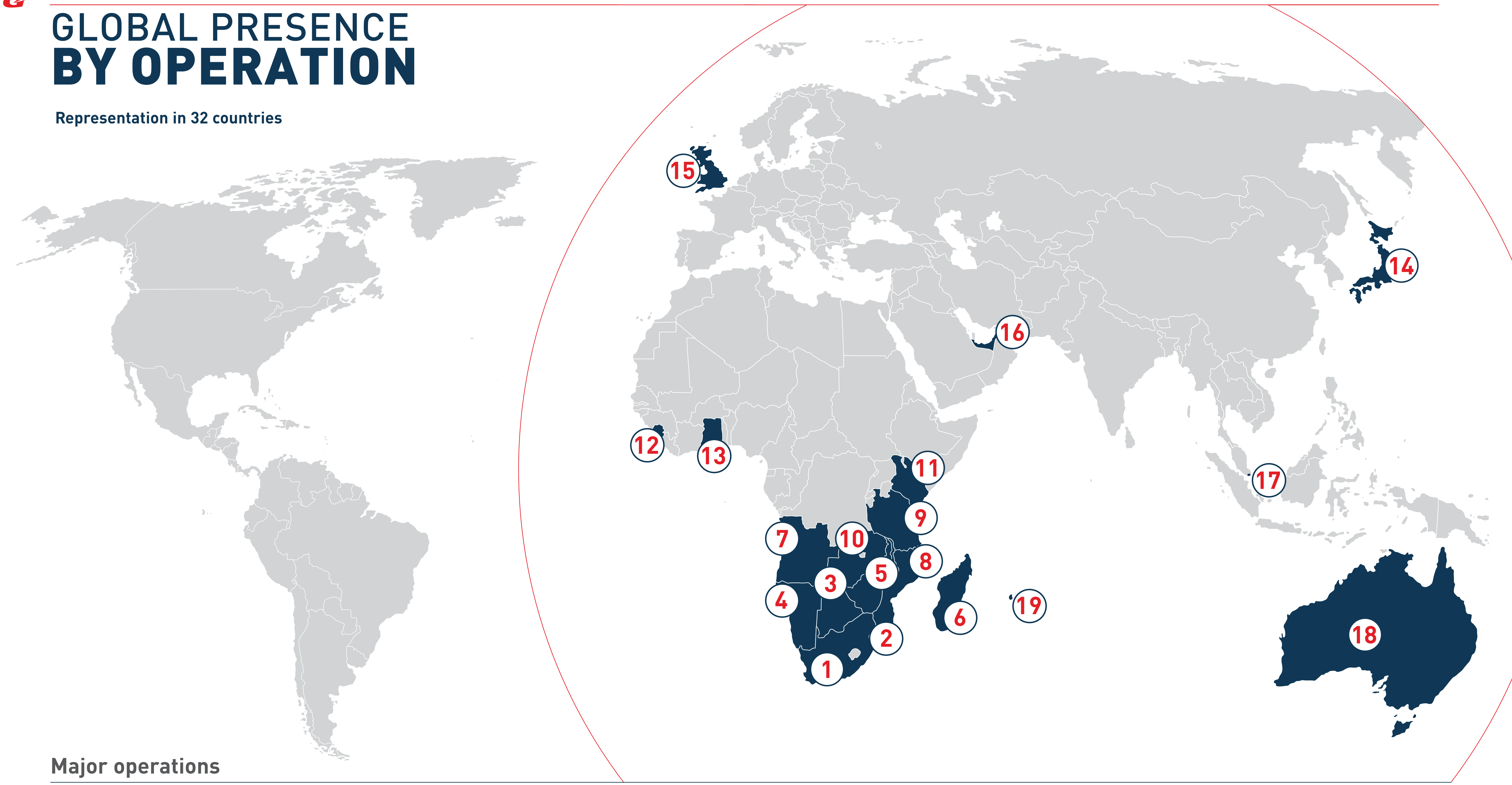
FINANCIAL SERVICES

Banking
96.5% – Grindrod Bank

Asset management
49% – Infinitus Holdings Proprietary Limited

GLOBAL PRESENCE BY OPERATION

Representation in 32 countries



Major operations

1 South Africa
- Auto road transportation
- Agricultural logistics
- Clearing and forwarding
- Container logistics
- Financial services
- Fuel road transportation
- Rail
- Shipping
- Stevedoring
- Terminals
- Ships agency services
- Marine fuels

2 Swaziland
- Ships agency services

3 Botswana
- Fuel road transportation

4 Namibia
- Fuel road transportation
- Ships agency services
- Stevedoring
- Terminals
- Clearing and forwarding

5 Zimbabwe
- Rail

6 Madagascar
- Ships agency services

7 Angola
- Ships agency services

8 Mozambique
- Clearing and forwarding
- Container logistics
- Port
- Rail
- Ships agency services
- Terminals

9 Tanzania
- Ships agency services

10 Zambia
- Rail

11 Kenya
- Ships agency services

12 Sierra Leone
- Rail

13 Ghana
- Rail
- Ships agency services

14 Japan
- Shipping

15 UK
- Financial services
- Shipping

16 UAE
- Financial services
- Marine fuels

17 Singapore
- Marine fuels
- Shipping
- Ships agency services

18 Australia
- Ships agency services

19 Mauritius
- Financial services

OPERATIONAL REVIEW

STRATEGY EXECUTION

Freight Services and Shipping

Freight Services and Shipping drive growth by investing in and optimising the utilisation of logistics infrastructure to provide integrated logistics solutions to clients.

The markets that drive bulk logistics globally have been depressed for the past two years, affected by a lack of demand and a resultant oversupply – and in South Africa persistent drought conditions affected the volume of agricultural commodities along logistics chains. In the second half of 2016, some markets, including coal and iron ore, improved, but the supply-demand balance remains delicate without sustained improvement in demand.

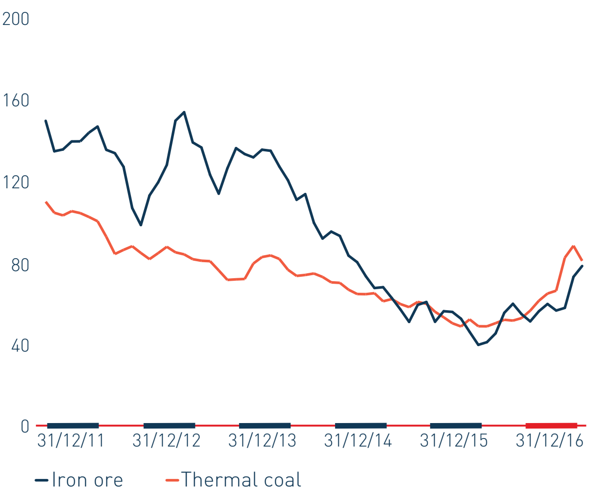
The severe decline in demand in the first half of the year affected volumes in virtually all Freight Services businesses and in the Shipping dry-bulk and tanker fleets. This put the operational focus firmly on improving asset utilisation, which included operating efficiencies, cost containment and negotiations to reduce rates in partnership with logistics providers in the corridors Freight Services operates in.

At divisional level, Freight Services impaired assets in the wake of a strategic decision to exit the severely affected locomotive-assembly business.

During 2016 the business remained cash-generative and at year-end its balance sheet was still adequately geared to execute on its key capital projects, these being:

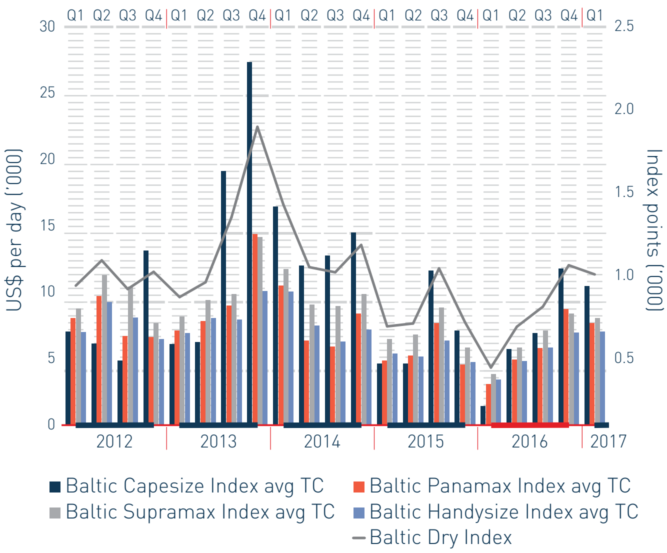
- Improving access to the Port of Maputo to accommodate panamax vessels. The 75-kilometre dredging project started in April and was completed in January 2017. The Grindrod TCM berth is also being deepened to accommodate the larger vessels.
- Investing in a green-fields petroleum-products terminal in the port of Ngqura (Coega) through OTCG. The long-term concession agreement was signed during December 2016 between TNPA and OTGC to plan, fund, construct, own, maintain and operate the new facility.
- Incrementally increasing the capacity of the RBTG coal terminal in Richards Bay. The base for the expansion of what was previously the 3.2-million-tonnes Navitrade terminal was laid when Grindrod formed a joint venture with RBT Resources. The short-term expansion target is 4.5 million tonnes.

Iron ore and thermal coal price trend (US$/t)



Source: Index Mundi

Dry-bulk daily spot rates (Baltic indices)



Source: Clarksons Research

Significant contracts that were concluded during 2016 support further geographical and commodities diversification:

- A tender for the construction and management of a coal-handling terminal for an Eskom power station, awarded to Grindrod by Transnet in its private-sector-partnership programme.
- The acquisition of the controlling interest in an Intermodal terminal at the Port of Nacala in central Mozambique, which is a developing logistics hub for the region and neighbouring countries.

Financial Services

Financial Services manages growth and profitability through a suite of niche investment, asset management, property finance and retail services.

In 2016, the division established a base for future expansion through merging Grindrod Asset Management with Infinitus Holdings Proprietary Limited. The newly established entity trades as Bridge Fund Managers.

Two new CoresShares tracker funds were listed, linked to US S&P indices, and the drive to establish CoreShares as a stand-alone venture gained traction with the conclusion of share transactions with RMI Holdings and Yellowwoods.

Key focus areas | 2017

All businesses will:

- maximise asset utilisation;
- improve operating efficiencies and cost;
- develop an integrated approach to market with all group businesses;
- drive to secure meaningful strategic capacity at good value;
- manage strategic partnerships to facilitate execution and reduce risk;
- monitor advances in technology and associated business opportunities;
- reinforce the focus on our people; and
- drive compliance with key transformation requirements.

At divisional level:

- Shipping will:
  - continuously evaluate its business model for sustainability; and
  - develop a plan to take advantage of current opportunities, increase liquidity and ensure value uplift for shareholders.
- Freight Services will:
  - continue exploring diversification opportunities;
  - develop terminal businesses;
  - implement focused restructuring in rail operations; and
  - investigate opportunities to grow its agricultural logistics base.
- Financial Services will:
  - continue growing its products and market share, including expanding its asset-management business.

OPERATIONAL **REVIEW**

FREIGHT SERVICES

Key achievements | 2016

- Improved safety management, as evidenced by reduction in the LTIFR from 0.67 to 0.59 (measured per 200 000 man hours worked).
- Engaged with key supply-chain partners to negotiate logistics solutions to retain market share in a depressed commodities market.
- Initiated the 75-km dredging project to make the Port of Maputo accessible for fully laden panamax vessels.
- Fully contracted the capacity of the Richards Bay RBTG and Matola TCM terminals for 2017.
- The long-term concession agreement between TPNA and OTGC was signed during December 2016.

Key challenges | 2016

- Tailoring the business to mitigate the effects of the slump in logistics requirements due to depressed commodity markets and lower agricultural volume following another year of drought in the country.
- Managing the exit from the rail-manufacturing businesses.
- Driving business-improvement initiatives to return Grindrod Intermodal to profit.

2017

Key focus areas | 2017

- Continue to focus on achieving SHERQ targets across the division.
- Negotiate initiatives with customers and other supply-chain operators to increase capacity utilisation across businesses.
- Increase the customer and, where possible, the commodities base to improve infrastructure utilisation.
- Negotiate customer tariff structures and contracts to make the petroleum-products terminal in the Port of Ngqura (Coega) a bankable project.
- Continue developing the relationship with Transnet and pursue opportunities related to its private-sector partnership initiative.
- Investigate business expansion opportunities through the Port of Nacala, a developing hub in Mozambique.
- Complete the exit from the rail-manufacturing businesses.

Key ratios

(22.9%)
2015: (1.8%)
RETURN ON ORDINARY SHAREHOLDERS' EQUITY

0.23:1
2015: 0.23:1
DEBT:EQUITY RATIO

(R348)
2015: (R24)
ATTRIBUTABLE LOSS PER EMPLOYEE (R000)

2.3%
2015: 8.7%
MARGIN

(9.5%)
2015: 6.2%
RETURN ON NET ASSETS

Key financial information

	2016 Rm	2015 Rm	%
INCOME STATEMENT			
Revenue	**3 846**	5 060	(24.0)
EBITDA	**458**	838	(45.3)
Operating income	**90**	439	(79.5)
Share of associate companies' profit	**21**	72	(70.8)
Attributable loss	**(1 240)**	(109)	(1 037.6)
STATEMENT OF FINANCIAL POSITION			
Non-current assets/investments	**5 640**	8 178	(31.0)
Current assets	**2 274**	2 314	(1.7)
Total assets	**7 914**	10 492	(24.6)
Equity	**4 687**	6 645	(29.5)
Net debt	**1 090**	1 533	(28.9)
Other liabilities	**2 137**	2 314	(7.6)
Total equity and liabilities	**7 914**	10 492	(24.6)

CONTRIBUTION TO REVENUE

15% 2015: 18%

CONTRIBUTION TO EBITDA

66% 2015: 48%

OPERATIONAL REVIEW continued

FREIGHT SERVICES continued

Maputo Port experienced a decline in volumes due to depressed markets during the first half of 2016. Despite volume improvement in the second half as a result of improved market demand, commodities throughput was 14.9 million tonnes against 15.6 million tonnes in 2015.

Capital investment in the port, in which Grindrod holds a 24.7 per cent interest, is guided by the port master plan. The 75-km dredging project to make the port accessible for fully laden panamax vessels was started in May 2016 and was completed early in 2017.

Smaller investments were focused on maintenance and infrastructure projects to improve access to and mobility in the port, such as roads, gate access, open paved areas and berths.

The final element of the current plan will focus on expanding the corridors servicing the port, in accordance with the integrated rail and port strategy which aims to ensure logistics alignment with the planned port throughput. The strategy targets competitive rail tariffs and an adequate supply of appropriate rolling stock to encourage terminal operators to move more cargo by rail.

The project to make the Grindrod TCM berth accessible to the larger vessels commenced in 2016 and is targeted for completion in August 2017.

SHERQ programmes were broadened to include initiatives to entrench safety awareness in the community and promote employee development and wellness.

Terminals recorded a 13.6-per-cent increase in volume. Significant improvement in the commodity prices - coal and magnetite – during the second half of the year sparked the demand offsetting poor performance recorded in the first half of the year.

GML secured a long-term, multi-product agricultural contract to manage imports into Africa through the Merec agricultural terminal it operates in Maputo. The terminal, which GML started operating in April, provides facilities for handling wheat, maize, soybeans and soya meal.

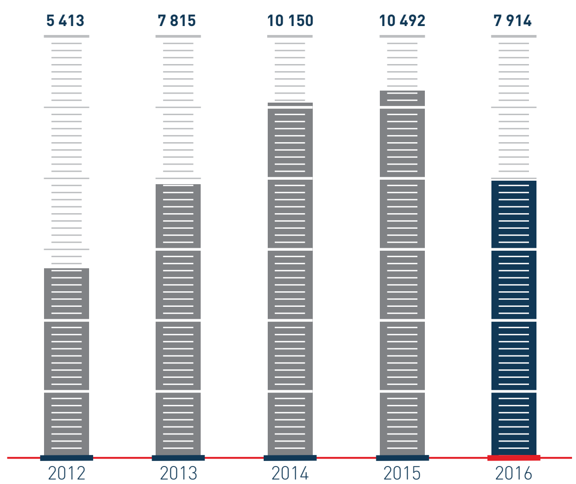
A significant, long-term diversification opportunity remains the development of a petroleum-products terminal in the Port of Ngqura (Coega) on Transnet concession land, with an initial 170 000m^3 capacity. The long-term concession agreement was signed during December 2016 between TNPA and OTGC to plan, fund, construct, own, maintain and operate the new facility.

In 2017 improved capacity utilisation at the TCM terminal in Maputo and the Richards Bay RBTG terminal is expected following new magnetite and coal contracts secured by Terminals.

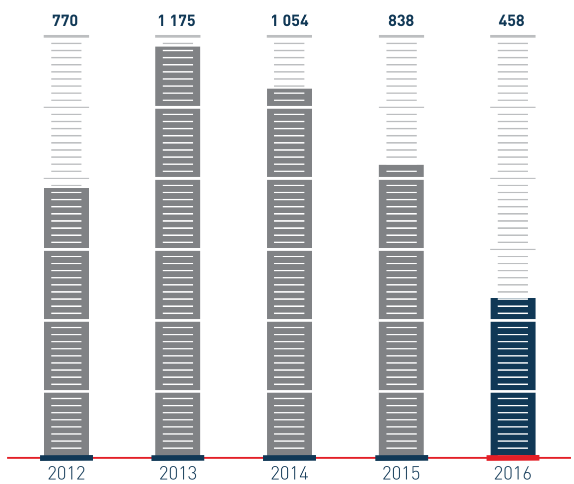
Terminals looks forward to an improved financial performance in 2017.

Rail businesses were again severely impacted by weak commodity markets. Capital investments in green-fields projects continue to be postponed as demand slumps, aggravated by aggressive road-haulage rates because of over-capacity in the road-transportation business.

Total assets (Rm)



EBITDA (Rm)



Market conditions prompted the board to amend the Rail strategy and Grindrod initiated the process of exiting the locomotive manufacturing businesses. In 2017, Rail will focus on the retained and profitable management and operational services businesses, which include mainline operations, freight-brokering and leasing.

Carrier Logistics reported a profit of R4.2 million (excluding once-off adjustment), which is 91.4 per cent lower than in 2015 as a result of continuing adverse conditions.

The ***auto transportation*** business was affected by a 11.4-per-cent decline in new-vehicle sales and car carrier supply exceeded demand. New contracts, an increase in second-hand shipments and sound management ensured that the business could maintain the turnaround to profit achieved in 2015. The division's sound reputation, which includes 99.1 per cent on-time deliveries, saw one contract being extended and three new contracts won, including one with Mercedes-Benz and a small, but prestigious, contract to transport Bentleys.

The ***fuel-transportation*** businesses also experienced tight market conditions. Grindrod Fuelogic in South Africa, Fuelogic Namibia and Grindrod Petrologistics in Botswana and Namibia continued to be profitable, but Grindrod Fuelogic in Mozambique continued to experience very challenging conditions.

Carrier Logistics foresees no change to market conditions in the auto and fuel transportation businesses in 2017 and remains focussed on improving volumes and efficiencies.

Grindrod Intermodal, which recorded improved financial results during the latter part of 2016 following business interventions and restructuring, laid the foundation for further expansion in Mozambique by acquiring the majority shareholding in a terminal at the Port of Nacala, a developing logistics hub for the region and neighbouring countries.

Ships Agency and Clearing and Forwarding was also under pressure, but made a profit of R69.5 million.

Sturrock Grindrod Maritime experienced an improvement in business conditions during the second half of the year and expects the improvement to continue into 2017.

South African operations performed well and the Australian business turned profitable for the last quarter, while the Angolan operation remains negatively affected by the subdued oil price.

Röhlig-Grindrod reported solid results and continues to explore value-adding services, including trade-finance solutions, to its large and diverse customer base. Its Level 2 B-BBEE contributor status offers a significant advantage in many of its market sectors. Its reputation as a leading supplier of freight and forwarding services will be further entrenched with the completion of the new state-of-the-art warehouse facility in 2017.

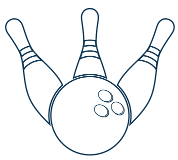
Agricultural Logistics, Grindrod's investments in Senwes and NWK, were severely affected by the ongoing drought in Southern Africa, which caused crop volumes to shrink to 40 per cent of 2015 levels, although financing and retail performed satisfactorily. Management is exploring opportunities to increase its exposure to the agricultural logistics sector off the foundation provided by these investments.

OPERATIONAL **REVIEW** continued

SHIPPING

Key achievements | 2016

- Out-performed major shipping indices.
- Took delivery of six new-generation, eco-friendly new-builds ordered from Japanese ship-builders – one owned handysize and two owned supramax dry-bulk carriers, one owned MR tanker and two long-term chartered supramax dry-bulk carriers.
- Achieved zero oil spills in excess of one barrel for the 11^{th} consecutive year.
- Awarded Green Ship status for the IVS Berwick by the Maritime and Port Authority of Singapore (MPA) and the MPA Excellence in the Manpower Training and Development Award segment.
- Maintained solid results in the ship-operating as well as seafreight feeder and container warehousing and distribution services.



Key challenges | 2016

- Reporting a fatality in Shipping.
- Managing the impact of depressed shipping rates on profitability.
- Managing the dry-bulk and tanker fleets in turbulent, over-supplied markets.
- Managing the effects of tough trading conditions on Cockett Marine Oil.

2017

Key focus areas | 2017

- Capitalise on the expected improvement in dry-bulk and liquid-fuels markets.
- Manage liquidity to stay within bank-covenant requirements.
- Focus on compliance with increasingly stringent IMO regulations.

Key ratios

(15.9%)
2015: (24.7%)
RETURN ON ORDINARY SHAREHOLDERS' EQUITY

0.44:1
2015: 0.38:1
DEBT:EQUITY RATIO

(R876)
2015: (R1 442)
ATTRIBUTABLE LOSS PER EMPLOYEE (R000)

(2.7%)
2015: 0.8%
OPERATING MARGIN

(3.7%)
2015: (8.5%)
RETURN ON NET ASSETS

Key financial information

	2016 Rm	2015 Rm	%
INCOME STATEMENT			
Revenue	**20 586**	22 058	(6.7)
EBITDA	**(83)**	662	(112.5)
Operating (loss)/income	**(560)**	169	(431.4)
Attributable loss	**(928)**	(1 496)	38.0
STATEMENT OF FINANCIAL POSITION			
Non-current assets/investments	**7 091**	8 504	(16.6)
Current assets	**1 640**	2 696	(39.2)
Total assets	**8 731**	11 200	(22.0)
Equity	**5 044**	6 621	(23.8)
Net debt	**2 233**	2 521	(11.4)
Other liabilities	**1 454**	2 058	(29.3)
Total equity and liabilities	**8 731**	11 200	(22.0)

CONTRIBUTION TO REVENUE

83% 2015: 79%

CONTRIBUTION TO EBITDA

(12%) 2015: 38%

OPERATIONAL REVIEW continued

SHIPPING continued

Shipping reported a loss for the second consecutive year, with dry-bulk rates at historical lows and tanker rates slumping to 2014 levels. After an improvement in dry-bulk market conditions in the second half of the year and a subsequent increase in revenue, the loss for the year was R928 million (2015: R1 496 million).

Despite newbuilding order cancellations and 2.5 million tonnes a month of vessel scrapping, dry-bulk fleet over-supply increased during the year. By year end dry-bulk fleet growth was 2.3 per cent. The global clean-product tanker fleet increased by some eight vessels a month, with a similar number expected to deliver in 2017. Stressed liquidity is expected to limit fleet growth as financial institutions historically involved in the shipping industry either withdraw from the market or apply ever-increasingly rigorous performance standards.

The effects of harsh market conditions were mitigated by Grindrod's blue-chip status as the operator of the world-class IVS and Unicorn brands, continued investments in eco-friendly newbuildings at favourable prices and the dedication of the Shipping team to out-perform leading rate indicators.

The wholly or partially owned and long-term chartered fleet, calculated on a proportional basis grew from 38.2 to 41.2 vessels. Shipping took delivery of five eco-friendly handysize and supramax dry-bulk carriers (three in joint venture) and one MR tanker and redelivered one handysize bulk carrier. One MR tanker was sold and chartered back for two years.

At year-end the division commercially managed 42 dry-bulk vessels, which include seven Japanese-owned handysize dry-bulk vessels on behalf of third parties. During the year, a further 20 vessels per month were commercially managed through short-term commercial management agreements.

The Grindrod tanker fleet is commercially managed through pool and long-term charter agreements.

Island View Shipping benefited from the rebound in demand for the major dry-bulk commodities in the second half of the year. China's long-term strategy to cut CO_2 emissions by partially substituting its high-ash domestic coal with low-ash, low-sulphur imports will continue to underpin the seaborne coal trade.

The negligible growth in fleet size and the increase in dry-bulk demand augurs well for higher rates in 2017.

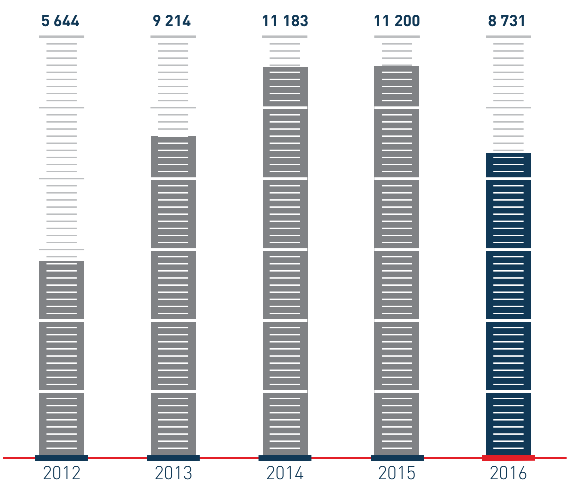
Unicorn Shipping foresees no improvement in the first half of 2017 while markets are in over-supply and newbuildings are being delivered. Demand for capacity should increase in the second half of the year. Over the medium term, the opening of new refineries in the eastern hemisphere will underpin demand, requiring longer sea routes for clean-product delivery as older refineries in the west are closed down.

Seafreight experienced a stable year, successfully providing feeder services between major ports in Mozambique, South Africa, Namibia and Angola, adding value for customers through container, warehousing and distribution services at its Maydon Wharf terminal in Durban.

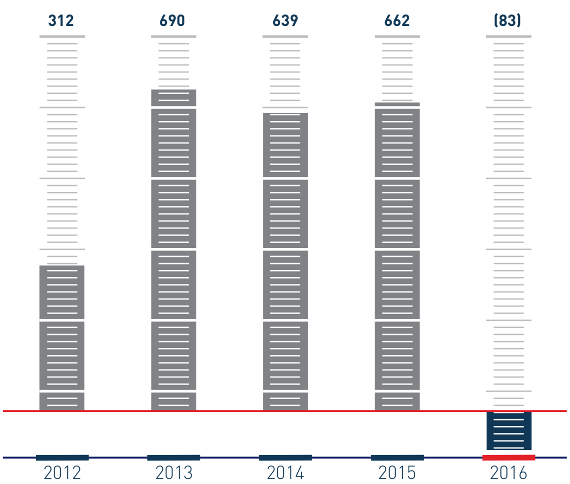
Ship-operating reported acceptable performance, supported by solid customer commitments for shorter-term parcel services.

Cockett Marine Oil reported a loss against prior-year earnings on lower volumes, smaller margins, exceptional items following the cancellation of a lease contract and the provision for material doubtful debts.

Total assets (Rm)



EBITDA (Rm)



Analysis of long-term vessel earnings is summarised below:

	Bulk carriers			Tankers				
	Handy-size	Supra-max	Cape-size	Medium range	Small	**2016 Total**	2015 Total	Growth %
Average number of owned/long-term chartered ships[1]	17.7	7.1	2.0	10.1	4.5	**41.4**	36.3	–
Average daily revenue (US$)	4 900	7 800	13 200	14 400	12 700	**9 000**	11 500	(21.7)
Average daily cost (US$)	8 000	12 200	20 700	14 000	12 100	**11 300**	12 500	9.6
US$ million profit[2]	(20.0)	(11.5)	(6.2)	1.5	1.1	**(35.1)**	(13.2)	(165.9)

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 24 February 2017 were as follows:

	Spot rates (US$ per day)		One-year time charter rates (US$ per day)	Three-year time charter rates (US$ per day)	**Average spot rates 2016 (US$ per day)**	Average spot rates 2015 (US$ per day)
	24/02/2017	03/02/2016				
Handysize	6 277	2 996	6 750	7 000	**5 214**	5 388
Supramax	8 667	2 927	9 000	9 500	**6 164**	6 969
Capesize	9 358	2 775	14 250	14 750	**7 388**	6 997

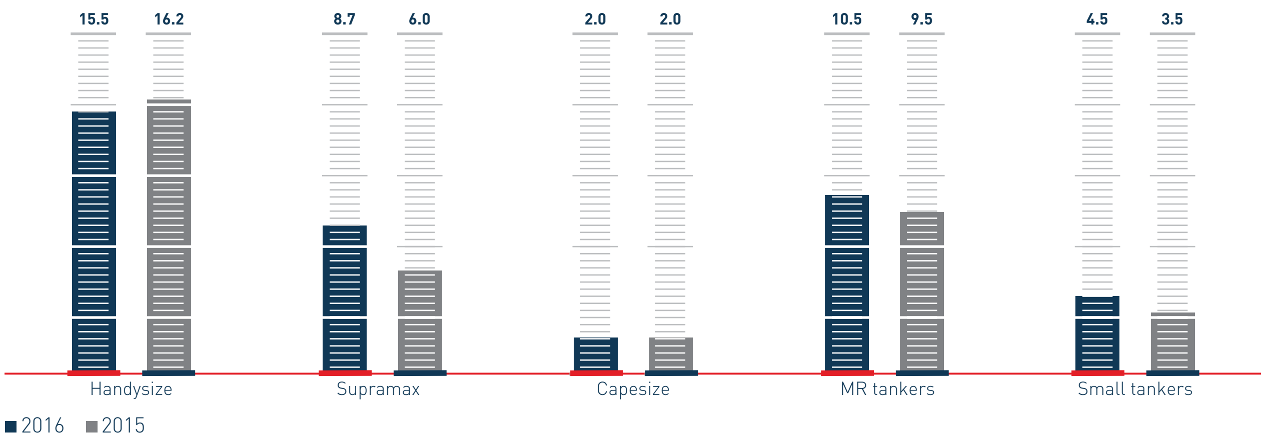
Source: Clarksons research – Shipping Intelligence Network.

Tanker charter rates at 24 February 2017 were as follows:

	Spot rates (US$ per day)		One-year time charter rates (US$ per day)	Three-year time charter rates (US$ per day)	**Average spot rates 2016 (US$ per day)**	Average spot rates 2015 (US$ per day)
	24/02/2017	03/02/2016				
Medium range	10 087	9 654	12 500	14 000	**13 620**	21 769
Small	11 250	11 475	11 800	12 200	**9 700**	12 208

Source: The MR TC numbers from Clarkson's; the MR spot numbers from Howe Rob; the Small's spot numbers from Maersk; the Small's TC numbers are based on Grindrod's market information.

Shipping fleet (number of vessels)



OPERATIONAL REVIEW continued

FINANCIAL SERVICES

Key achievements | 2016

- Established a base for growth by merging Grindrod Asset Management with private equity firm Infinitus Holdings Proprietary Limited.
- Continued positioning CoreShares as a significant ETF provider with the listing of two tracker funds linked to US S&P indices.
- Concluded the transaction with RMI Holdings and Yellowwoods to grow and establish CoreShares as a stand-alone venture.
- Recorded solid growth in the value of the properties in the Investment Banking industrial property portfolio in the UK.
- 5-star ratings assigned to the Bridge Managed Growth Fund, Bridge Stable Growth Fund and Bridge Equity Income Growth by Morningstar.
- Received three certificates at the 2017 Raging Bulls Awards for the Bridge Global Property Income Feeder Fund and the Grindrod Global Property Income Fund.

Key challenges | 2016

- Stabilising the business in a subdued economy, exacerbated by currency fluctuations, notably in value of the pound in the aftermath of the UK vote to exit the European Union.
- Managing the effects of legal proceedings by SASSA against Grindrod Bank regarding the processing of debit orders against beneficiary bank accounts.

2017

Key focus areas | 2017

- Grow banking and asset-management services and products.
- Manage the SASSA contract to ensure continuity of services for the 10.5 million grant recipients.
- Increase Financial Services regional representation.
- Manage UK portfolio value creation.
- Ensure adherence to the Basel III capital and liquidity requirements. Liquidity ratios now prescribe specific coverage ratios for various deposit durations and types.

Key ratios

21.0%
2015: 18.8%
RETURN ON ORDINARY SHAREHOLDERS' EQUITY

13.7%
2015: 13.5%
CAPITAL ADEQUACY RATIO

R1 062
2015: R895
ATTRIBUTABLE PROFIT PER EMPLOYEE (R000)

Key financial information

	2016 Rm	2015 Rm	%
INCOME STATEMENT			
Revenue	**492**	453	8.6
EBITDA	**303**	255	18.8
Operating income	**297**	250	18.8
Attributable profit	**171**	165	3.6
STATEMENT OF FINANCIAL POSITION			
Non-current assets/investments	**1 143**	1 021	11.9
Bank loans, advances and liquid assets	**7 629**	5 887	29.6
Current assets	**462**	355	30.1
Net cash including debt	**6 020**	4 126	45.9
Total assets	**15 254**	11 389	33.9
Equity	**1 382**	1 236	11.8
Deposits	**13 610**	9 932	37.0
Other liabilities	**262**	221	18.6
Total equity and liabilities	**15 254**	11 389	33.9

CONTRIBUTION TO REVENUE

2% 2015: 2%

CONTRIBUTION TO EBITDA

44% 2015: 15%

OPERATIONAL REVIEW continued

FINANCIAL SERVICES continued

Investment Banking reported strong results in its UK industrial property portfolio, with good rental growth and a substantial increase in the value of the properties despite a conservative valuation policy. The division will continue to focus on investments in established, well-managed small- to mid-market companies with a track record of profits and cash generation.

Capital Markets achieved its objectives of extending the CoreShares ETF product range and establishing CoreShares as a stand-alone venture. RMI Holdings and Yellowwoods each hold 25 per cent of the new venture.

Two new ETFs were listed in Mauritius and inwardly listed on the JSE – the CoreShares S&P 500 and the CoreShares S&P Global Property funds. The S&P 500 tracks the US stock index of 500 leading US companies and the property fund the S&P Global Property Top 40 index, which gives exposure to 40 of the largest listed property companies worldwide. Some 55 per cent of the index weighting is in US property companies.

The CoreShares product range now comprises eight local ETFs, two US-linked ETFs and four unit trusts.

Treasury and **lending services** reported good performance, with advances increasing to R5.86 billion and deposits to R6.89 billion, excluding SASSA-related deposits.

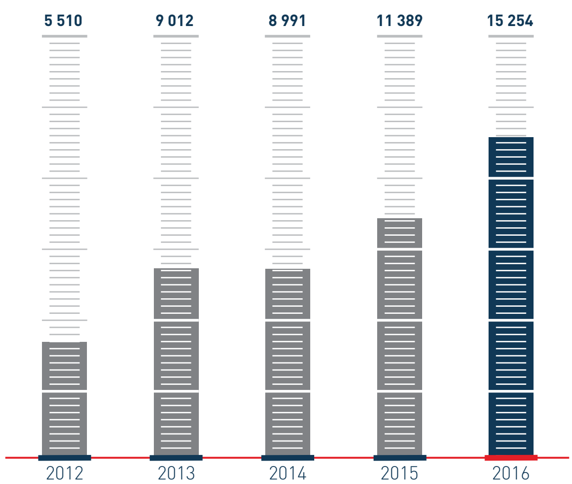
Corporate Finance increased pipeline fee income following a focus on servicing synergies within Private Equity and Grindrod Limited, in line with the One-Grindrod philosophy of increasing business opportunities within and through group businesses.

Retail continued to manage the SASSA debit-card contract without disruption. In this contract Retail pays in the region of 17 million grants, to the value of R11 billion monthly, to 10.5 million cardholders. The ATM acquiring business continues to do well with clients being attracted to the Grindrod Bank acquired ATMs because of fingerprint biometrics. The fingerprint biometrics make it easy for a client to verify their transactions. There are now 924 of these advanced technology ATMs in operation.

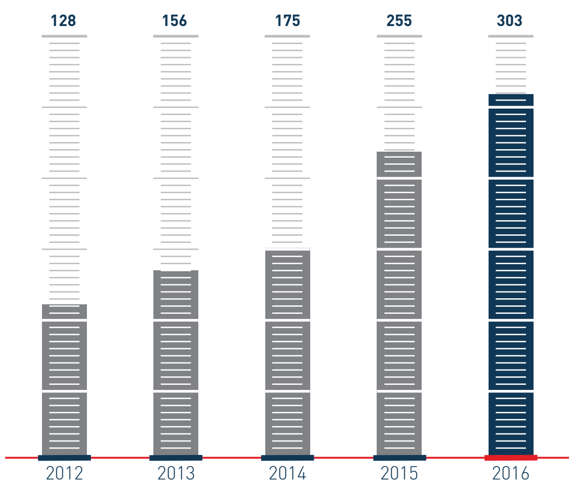
Retail continues to evaluate opportunities for expansion of its services offering to extend its income base.

Bridge Fund Managers was formed when Grindrod Asset Management merged its business with that of private equity house Infinitus Holdings Proprietary Limited. GFS Holdings holds a 49-per-cent interest in the newly established entity. Its core business will remain portfolio construction of asset classes that include local and international equities, listed preference shares, REITs, bonds and cash. Most portfolios are managed in accordance with the Payers and Growers® strategy that, through its focus on securities with a high current and anticipated future income yield and inflation-beating growth in distributions, is ideally positioned to secure an increasing slice of the South African retirement savings market. Portfolios continued to build on their impressive track records during 2016, with the domestic range of portfolios delivering strong distribution growth and total returns during the year against a backdrop of heightened political uncertainty and lower economic growth.

Total assets (Rm)



EBITDA (Rm)



Financial Services – revenue by division (%)

Targeting sustainable projects

Grindrod Bank focuses its corporate social investment activities on conservation, through the Blue Fund, which it established in 2014 in partnership with the Wildlands Conservation Trust. The trust manages seven projects across twelve community ecosystem-based adaptation clusters in six provinces, all of them aimed at building robust ecosystems that underwrite human wellbeing and sustainable development. The Blue Fund targets projects aimed at the upliftment of coastal communities and conservation of coastal marine ecosystems. Projects include:

- acquiring Blue-Flag status for KwaZulu-Natal beaches;
- funding penguin projects initiated by the Southern African Foundation for the Conservation of Coastal Birds and the African Penguin and Seabird Sanctuary;
- creating sustainable livelihoods for the forest-using communities of Pondoland;
- restoring boardwalk infrastructure at Beachwood Mangrove Reserve; and
- participating in citizen science with Whale Time.

CAPITALS REVIEW

Creating value

Sustainable returns and long-term value for stakeholders – these objectives reflect the Grindrod vision. The business strategy defines how the company aims to achieve these objectives, which is to create a key competitive advantage to become the preferred integrated freight and logistics services provider. This advantage is achieved by investing in and utilising specialised assets and infrastructure, managed by people skilled in their areas of responsibility.

These objectives are achieved through processes and systems which are driven by, and monitored against, a sound governance structure. The governance structure has been developed to ensure that Grindrod fulfils its responsibility as a corporate citizen by ensuring the health and safety of people and respecting communities, people and the environment.

Six values guide Grindrod's business execution:

- operating with integrity;
- respect for company stakeholders, its assets and the environment;
- treating people with fairness;
- acting with professionalism in service delivery to customers;
- transparency in the disclosure of information to stakeholders; and
- employee accountability to take full ownership of actions taken.

Grindrod ensures that these values are objectively adhered to through the implementation of internationally accepted guidelines, which include:

- the laws of the countries in which it operates;
- the ISO 9001 quality and ISO 14001 environmental management systems;
- the OHSAS 18001 occupational health and safety management system;
- IMO regulations;
- the United Nations (UN) Universal Declaration of Human Rights;
- the UN Global Compact Principles, which address the areas of human rights, labour standards, environment and anti-corruption;
- the UN Sustainable Development Goals (SDGs), which defines best-practice targets for 17 sustainability goals; and
- the JSE Listings Requirements.

Company communication with stakeholders are also determined by and measured against international benchmarks, including:

- GRI, which provides guidelines for the disclosure of the most critical impacts on the environment, society and the economy;
- the international GHG Protocol, which defines reporting parameters for GHG or carbon (C) emissions based on an operational control approach;
- IFRS, issued by the International Accounting Standards Board (IASB); and
- the International <IR> Framework issued by the IIRC.

The success of Grindrod's reporting structure is evidenced by its inclusion for the second year in both the FTSE/JSE Responsible Investment Index and the FTSE/JSE Responsible Investment Top 30 Index. These indices are based on the Financial Times Stock Exchange (FTSE) environmental, social and governance ratings.

Ultimately, the purpose of reporting is to explain how an organisation creates value over time. Grindrod's approach is an integrated one, reflecting quantitative and qualitative information, to combine traditional financial and performance feedback with triple-bottom-line information. This is achieved by structuring feedback in terms of the six capitals identified by the IIRC: financial, manufactured, intellectual, human, natural and social and relationship capital. These are the capitals that organisations use to target, create and measure value-add.

The six capitals of value creation

The incorporation of the six capitals in reporting marks a further evolution of the movement away from mere quantitative reporting, which started when the triple-bottom-line approach heralded the philosophy of integrated reporting, and combines the traditional reports around financial statements with sustainability information and measures.

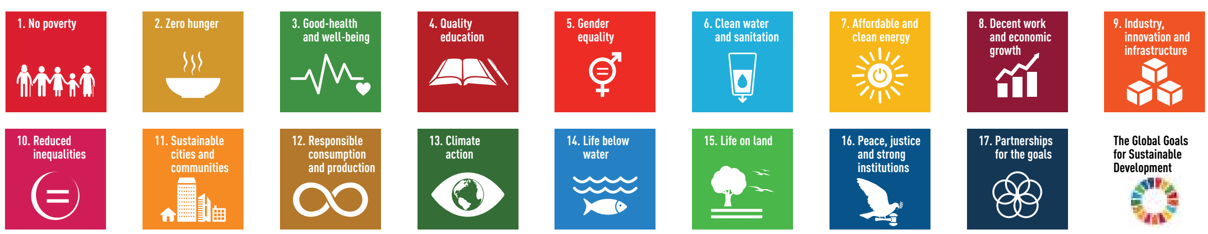
The six-capitals approach further refines the parameters for well-structured sustainability reporting. It promotes a focus on value creation inside and outside the organisation, and fosters a forward-looking approach.

The focus on sustainability is set to intensify. Towards the end of 2015, the United Nations published 17 SDGs in terms of its 2030 Agenda for Sustainable Development, which aims to end poverty, protect the planet and ensure prosperity for all.

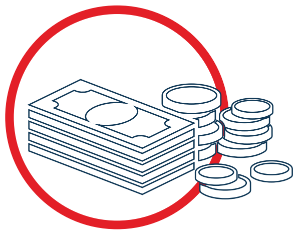
Grindrod supports these goals and will progressively incorporate them in its business and reporting approach.

	Capitals	Definition	Inputs	Outcomes
Economic dimension	Financial	Economic resources to fund the business	• Equity funding • Debt funding • Retained earnings	• Revenue generation • Project funding • Shareholder returns
	Manufactured	Infrastructure that generates income	• Port, terminals and interlinking infrastructure • Road-transportation fleet • Shipping fleet	• Seamless logistics chains, including the capacity to grow exports and provide logistics solutions across the African continent
Social dimension	Intellectual	The knowledge and intellectual property people use to gain a competitive advantage and grow the business	• Globally respected brand • Sound knowledge base • Specialised skills • Proven systems and structures	• Innovative, bespoke offerings to clients • Governed business management
	Human	The knowledge, skills, talents, experience, judgement and wisdom of people that determines the capacity of an organisation to accomplish goals	• Skilled employees • Skills and development training	• Employee safety and well-being • Personal and professional growth • Indirect support of employee dependants
	Social and relationship	The value an organisation builds through engagement and information-sharing with stakeholders to achieve mutual well-being	• Host communities • Engagement structures • Strategic relationships	• Mutually beneficial stakeholder involvement • Engaged workforce • Improved community sustainability
Environmental dimension	Natural	The world's stocks natural ecosystems and assets, including geology, soil, air, water and all forms of life	• Natural resources	• Mitigation of adverse environmental impacts

UN SDGs



CAPITALS REVIEW continued

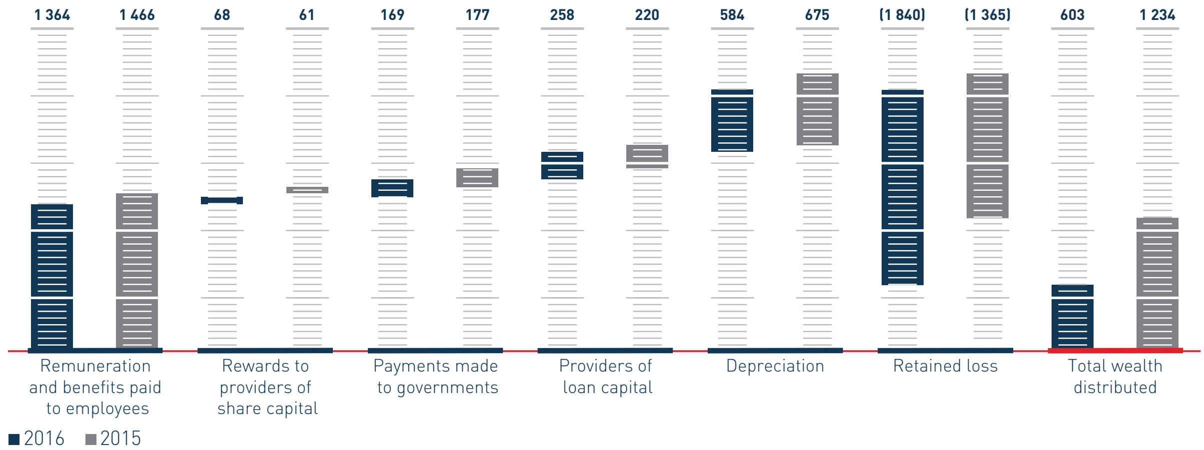


Financial capital

Grindrod is guided by its strategy to invest financial capital in significant assets that will achieve short-, medium- and long-term returns to add sustainable value for its stakeholders and appropriately reward shareholders for their investment in the company.

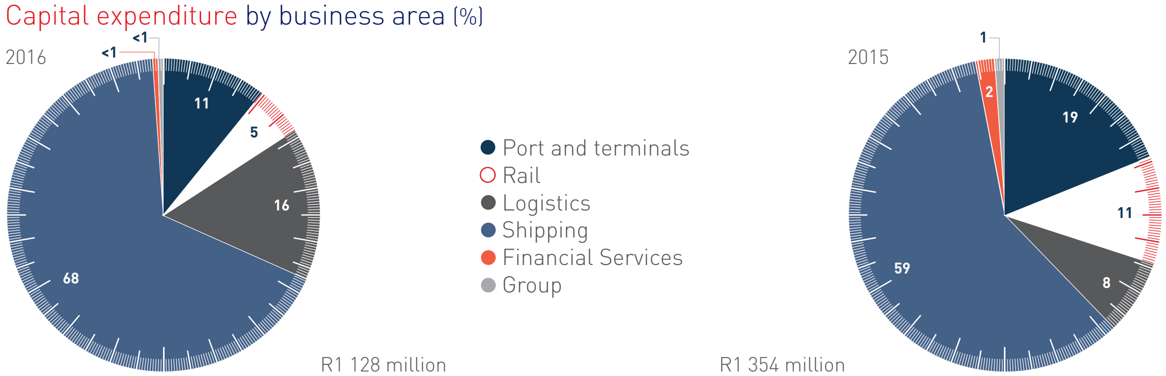
Value added	**2016 Rm**	2015 Rm
Remuneration and benefits paid to employees	**1 364**	1 446
Rewards to providers of share capital	**68**	61
Payments made to governments	**169**	177
Providers of loan capital	**258**	220
Depreciation	**584**	675
Retained loss	**(1 840)**	(1 365)
Total wealth distributed	**603**	1 234

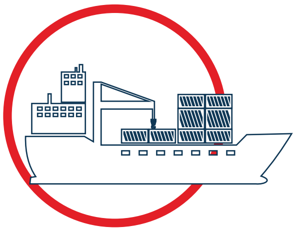
Value added – distribution of wealth (Rm)



Capital expenditure	**2016 Rm**	2015 Rm	2014 Rm	2013 Rm	2012 Rm
Port and Terminals	**120**	252	120	309	189
Rail	**53**	146	648	231	574
Logistics	**177**	109	586	1 216	422
Shipping	**770**	805	981	923	591
Financial Services	**7**	22	15	136	66
Group	**1**	20	98	53	7
Total capital expenditure	**1 128**	1 354	2 448	2 868	1 849

Capital expenditure by business area (%)





Manufactured capital

The Port of Maputo, terminals, vehicles, logistics infrastructure and the shipping fleet are the key manufactured-capital investments that unlock value and drive growth in the integrated Grindrod logistics chain.

Terminals, warehouse and shipping – capacity and utilisation	Notes	2016	2015[3]	% change	Existing capacity	Existing plus capacity under construction
Terminal						
Dry bulk (tonnes)		**8 346 607**	7 349 946	13.6	15 150 000	15 150 000
Matola coal and magnetite terminal	1	**3 785 918**	3 517 263	7.6	7 300 000	7 300 000
Richards Bay	1&2	**3 929 613**	2 626 135	49.6	6 100 000	6 100 000
Walvis Bay (Namibia)		**299 749**	335 688	(10.7)	550 000	550 000
Maputo terminal	1	**331 327**	870 860	(62.0)	1 200 000	1 200 000
Liquid bulk (m^3)		**276 355**	219 848	25.7	280 000	280 000
Durban		**171 270**	78 668	117.7	140 000	140 000
Cape Town		**105 085**	141 160	(25.6)	140 000	140 000
Maputo automotive (number of vehicles)		**15 164**	33 436	(54.6)	120 000	120 000

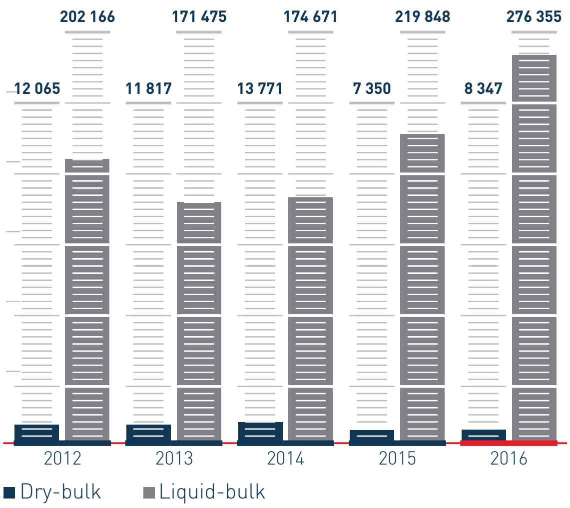
Notes:

1 *Physical tonnage, excluding take-or-pay volumes.*

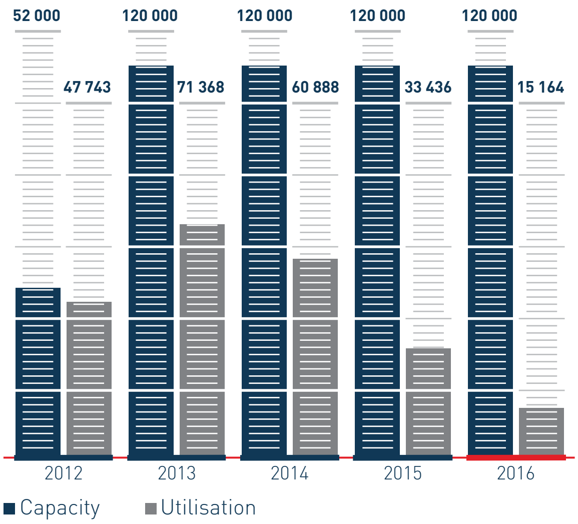
2 *Includes RBTG JV volume of 1 736 317 tonnes at 100% share.*

3 *Restated to exclude the Maydon Wharf terminal.*

Dry-bulk and liquid-bulk terminal volumes ('000 tonnes/m^3)



Car terminal volumes (number of vehicles)



Warehouse capacity	Total capacity 2016	2015	% change
Röhlig Grindrod – warehouse capacity (m^2)	**34 900**	23 688	47.3
Intermodal – warehousing and mining minerals (tonnes)	**210 000**	174 000	20.7
Intermodal – container depot capacity (TEU)	**27 500**	27 500	–

Shipping fleet (owned and long-term chartered)*	Number of vessels		Total capacity (dwt)	
	2016	2015	**2016**	2015
Bulk carriers	**26.2**	24.2	**1 366 103**	1 226 616
Tankers	**15.0**	14.0	**559 251**	508 251

* *at effective shareholding.*

CAPITALS **REVIEW** continued

Intellectual capital

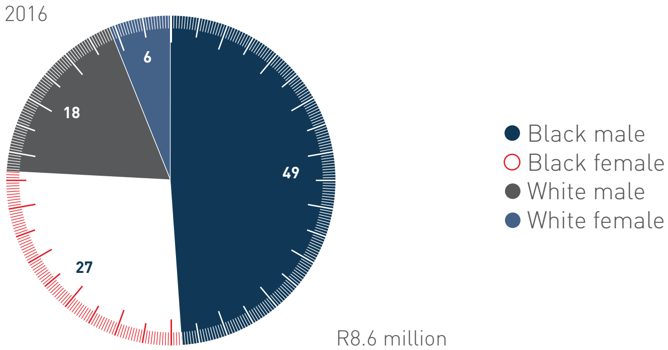
The success Grindrod achieves in developing, managing and expanding sustainable products and services is the result of the knowledge and experience of people who expertly manage the diverse interests that collectively provide innovative integrated logistics, banking and investment solutions.

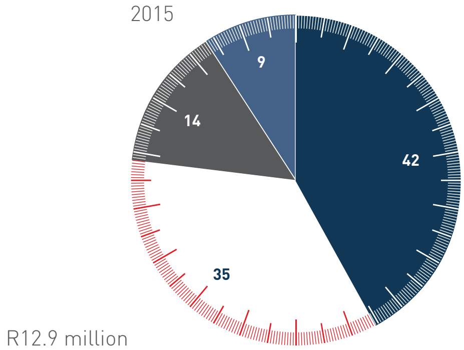
Skills development

Training and development comprise formal training, professional development and on-the-job coaching, internally and through external service providers. Training spend in 2016 amounted to R8.6 million (2015: R12.9 million).

	2016	2015	% change
Training interventions attended	**2 691**	3 685	(27.0)
Percentage of interventions attended by designated group employees	**85**	85	–
Learners attending learnership programmes	**133**	228	(41.7)
Percentage of learners from designated groups	**95**	82	15.9

Training spend by demographic grouping (%)





Shared Services continued to standardise common business processes and systems at central level.

Human Resources prioritised the establishment of uniform policies, procedures, terminology and benchmarks across all businesses. Focus areas included employment-equity compliance, the B-BBEE scorecard, job grading, performance management, succession planning and employee relations.

Information Technology continued to consolidate services at the centre and nearly finalised the implementation of SAP systems in Freight Services and Shipping, with only three businesses still to migrate onto the uniform platform.

Business improvement measures included moving on-site support services to the centre to reduce duplication of services and replacing the communications platform with an advanced suite of facilities which include video-conferencing.

In 2017, business analytics will be further improved to aid management.

More information on intellectual capital is available on the company website.

Human capital

Employees provide the competencies, capabilities and experience required to ensure innovative and sustainable services and Grindrod's investment in its diverse and rich human capital base seeks to support their ability to achieve their business objectives and improve their professional, personal and social skills.

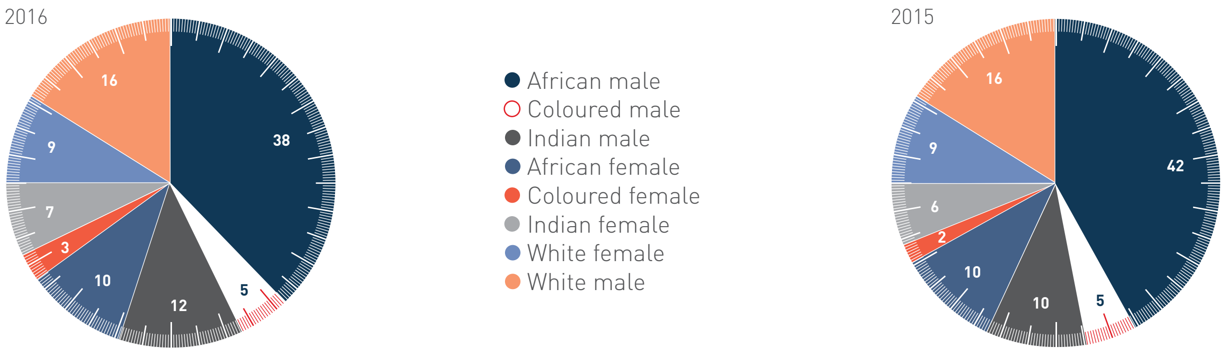
Safety and health: Key performance indicators

Key performance indicators	**2016**	2015	2014	2013	2012
Freight Services					
Fatalities	**–**	2	1	2	2
SHERQ spend (R'000)	**31 354**	27 575	56 545	22 896	17 326
Medical treatment cases	**68**	128	114	156	125
Lost-time incidents	**42**	58	68	109	120
LTIFR*	**0.59**	0.67	0.86	1.31	8.42
Shipping					
Fatalities	**1**	–	–	–	–
SHERQ spend (R'000)	**14 913**	15 262	7 842	11 828	6 287
Medical treatment cases	**6**	–	–	2	6
Lost-time incidents	**7**	3	8	8	2
LTIFR*	**0.22**	0.09	0.26	0.29	0.47
Financial Services					
Fatalities	**–**	–	–	–	–
SHERQ (R)	**12 000**	24 099	5 546	–	–
Medical treatment cases	**–**	–	2	–	–
Lost-time incidents	**–**	–	–	–	–
LTIFR*	**–**	–	–	–	–

* *Measured per 200 000 hours worked.*

Transformation

Demographics (%)



Employee complement	**2016**	2015	% change
Country			
South Africa	**3 614**	4 504	(19.8)
Rest of Africa	**1 470**	1 785	(17.7)
Asia	**652**	607	7.4
Middle East	**55**	55	–
Europe	**42**	46	(8.7)
North America	**7**	5	40.0
South America	**13**	13	–
Australia	**28**	29	(3.5)
Total	**5 881**	7 044	(16.5)

More information on human capital is available on the company website.

CAPITALS REVIEW continued

Social and relationship capital

Grindrod recognises that engagement forms the basis for developing respect, trust and understanding between all stakeholders, which enhances their ability to achieve their aspirations and objectives in a mutually beneficial way.

Stakeholder groupings

Stakeholders and engagement objectives comprise:

- **12 314 ordinary** and **1 925 preference shareholdings** and the **investment community** – communications and meetings about financial and operational news.
- **5 881 employees** on six continents – continuous engagement on business performance, career and personal growth.
- **14 unions** and **three bargaining councils** – maintaining an open-door policy with unions (to which 20 per cent of employees belong) and bargaining councils (five per cent).
- **Business partners** – engagement to ensure mutual commitment and unlock the value of infrastructural assets.
- **Almost 3 000 customers** within integrated supply chains – engaged through personal interaction, events and written communication to ensure that Grindrod strategies and operations remain aligned to customer requirements and delivery expectations.
- **In excess of 4 900 suppliers** in the procurement chain – personal engagement and news updates to ensure that procurement is managed transparently and optimally.
- **32 countries**, each with local and national governments, infrastructure authorities, governing bodies, NGOs and communities – engagement to promote and maintain sustainable and mutual value-add.
- **Government departments and regulatory bodies** – engagement through meetings, reports and written communications to ensure mutual understanding of compliances and compliance targeting.

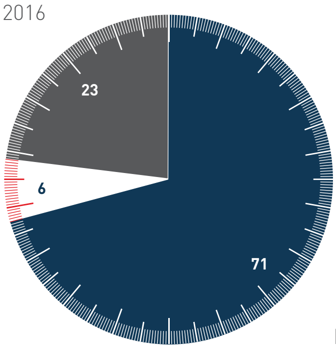
Social responsibility

Social responsibility investments favour education and environmental projects:

Per division		**Per target area**		**Major allocations**	
Financial Services:	R1.9 million	Education:	R8.4 million	Wildlands Blue Fund:	R1.7 million
Freight Services:	R8.7 million	Environment:	R0.7 million	Cyril Ramaphosa Education Trust:	R0.6 million
Shipping:	R1.3 million	Discretionary:	R2.8 million	Adopt-A-School:	R1.8 million
Total:	R11.9 million	Total:	R11.9 million		

Social responsibility spend (%)

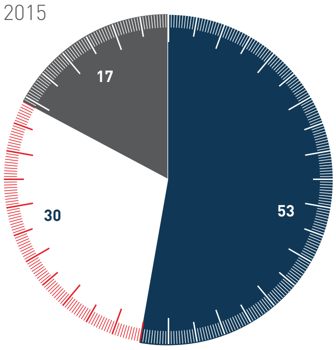
2016



R11.9 million

- Education
- Environment
- Discretionary

2015



R7.3 million

Natural capital

Grindrod strives to minimise and mitigate the impact of its operations on the environment in a sensible, innovative and legally compliant manner.

Vision 2020

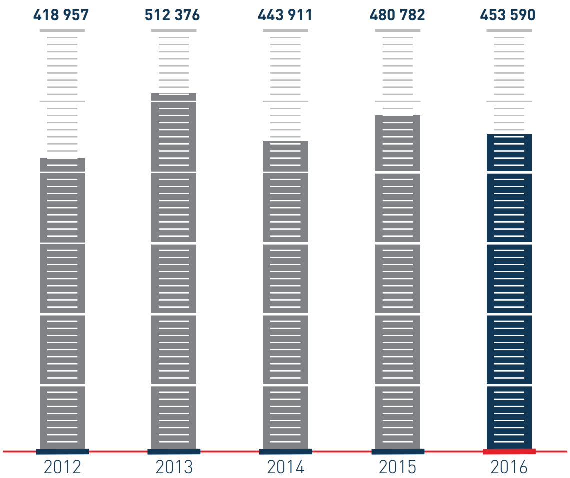
Tangible targets have been included in the Grindrod environmental and climate-change policy, encapsulated in a policy document, Vision 2020, approved by the board. Vision 2020 aims to ensure that the company builds on its 100-plus years of good corporate citizenship by reducing environmental risks in its spheres of business. The policy is based on operational control measures as defined by the international GHG Protocol, linked to tangible key performance indicators (KPIs).

Vision 2020 targets	Base year	Base value	2016 target	**2016 actual**	**Performance**
Reduce by 10 per cent normalised overall group emissions CO_2-e (grams) per rand revenue.	2010	9.8	9.2	**18.2**	Increased normalised group emissions due to decline in revenue
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	10.4	9.8	**11.46**	Increased due to longer ballast voyages and an increase in MDO and HSFO usage
Reduce by 10 per cent land-based diesel-vehicle GHG emissions per kilometre on average.	2012	1.4	1.3	**1.0**	Increased fleet efficiency due to fleet replacement policy
Reduce by 20 per cent normalised land-based Scope 2 electricity usage by machinery and in buildings owned by Grindrod.	2010	3 736	3 287	**3 197**	Despite a decrease in employee numbers, an increase in electricity efficiency ensured on target performance
Source at least five per cent of total energy usage from renewable sources.		–	–	**–**	–

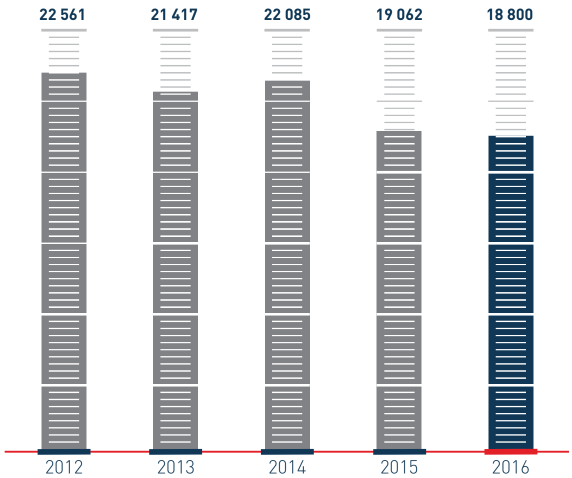
Key performance indicators

Key performance indicator	**2016**	2015	2014	2013	2012
Total water usage	**152 179**	277 523	219 507	227 156	191 529
Total solid and liquid waste generated (tonnes)	**14 070**	9 948	10 889	14 328	10 562
Electricity efficiency (kWh per FTE)	**3 197**	2 706	2 942	2 791	3 093
SO_x emitted (tonnes)	**5 547**	4 922	5 006	4 988	4 393
NO_x emitted (tonnes)	**10 378**	10 302	10 138	10 324	7 449
Scope 1 and 2 GHG emissions (tonnes CO_2-e)	**444 695**	461 961	431 665	501 275	407 211
Total GHG emissions including scope 3 (tonnes CO_2-e)	**453 590**	479 847	443 911	512 376	418 957

Total GHG emissions (CO_2 equivalent)



Total equivalent electricity usage (MWh)



REPORT OF THE GROUP FINANCIAL DIRECTOR

Financial strategy

Grindrod remained focused on improving asset utilisation, operating efficiencies and cost containment. Positive cash generation and low gearing levels enabled the group to execute key capital projects.

Strategic financial focus was given to:

- Maximising asset utilisation;
- Improving operating efficiencies and costs;
- Cash flow management; and
- Execution of fit-for-purpose consolidated and standardised group shared services.

Group earnings

The group reported a decline in statutory group revenue of 12 per cent to R9.0 billion (2015: R10.2 billion) and earnings before interest, taxation, depreciation and amortisation of R469.3 million was 57 per cent lower than the prior year R1098.9 million. Headline loss of R459.5 million a marked decline on prior year headline earnings (2015: R558.8 million).

The decrease is primarily as a result of the exceptionally weak dry-bulk shipping rates and depressed commodity markets during the first quarter. Performance during the second half of the year reflected a gradual improvement in volumes and trading conditions, however improvement was insufficient to recover the first half losses. In addition headline losses include R138 million of net foreign exchange losses incurred primarily in the Mozambican operations and the UK investments.

The depreciation and amortisation charge in the group was lower in the current year largely due to the decreased asset base following the ship impairment in the prior year.

Following the strategic decision to exit the rail assembly business and constraints experienced within the Rail businesses, impairments of R1 318.8 million have been raised.

Taxation inclusive of joint ventures and associates was R214.4 million (2015: R236.3 million) largely due to the unshielded shipping losses and the impact of the devaluation of the metical against the dollar.

As a result of the significant impairments the group reported an attributable loss of R1 907.7 million for the year ended 31 December 2016 (2015: R1 426.5 million).

Ordinary shares in issue remained unchanged at 762 553 314 shares.

For an analysis of the income statement in the manner in which management reviews the results on a management basis (i.e. proportionate basis) refer to the segmental analysis on pages 18 to 21 of the annual financial statements.

Statement of financial position

With total assets of R36 176.2 million (December 2015: R36 456.8 million) and low gearing of two per cent, the group's financial position remains strong. Book net asset value per share is 2 007 cents (2015: 2 450 cents).

Shareholders' equity decreased to R15 752.4 million (December 2015: R19 146.2 million) mainly as a result of losses, impairments and strengthening of the rand. The decrease of R1 396.5 million to the foreign currency translation reserve was due to the strengthening of the rand/US$ exchange rate from R15.60/US$ to R13.69/US$.

As a result of the board's decision to exit the locomotive assembly business, this business has been transferred to non-current assets and liabilities associated with assets held for sale.

Borrowings, cash flow and liquidity

Long-term debt decreased by 22.1 per cent to R2 226.8 million (2015: R2 860.1 million) largely due to the impact of foreign denominated debt.

Cash and cash equivalents, excluding Financial Services, decreased by 33.7 per cent to R2 149.9 million (2015: R3 244.0 million). Total bank and cash increased by 12.9 per cent to R9 478.1 million (2015: R8 393.3 million) arising from increased deposits in the Financial Services division.

Cash generated from operations was R491.7 million (2015: R1 412.6 million). Working capital contributed to a net inflow of R65.7 million (2015: R221.7 million net inflow).

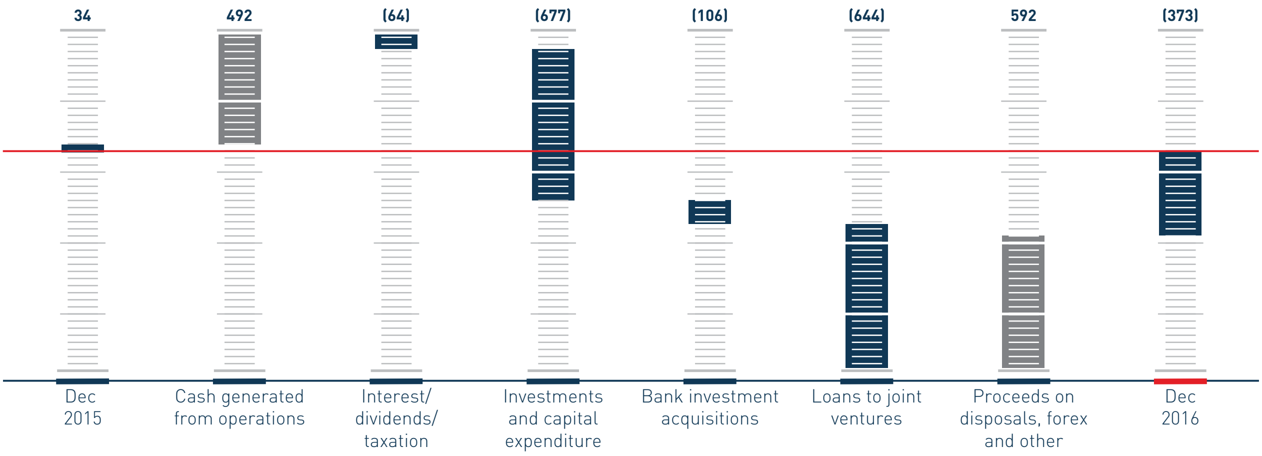
Proceeds of R180.8 million were received in 2016 (2015: R158.4 million) on the disposal of ships.

Loans to joint ventures of R644.3 million (2015: R264.0 million) were advanced during the year to meet working capital requirements.

Dividends of R113.5 million (2015: R355.6 million) were paid to ordinary and preference shareholders.

After investments and capital expenditure, the group continued to maintain low gearing of two per cent (2015: no net debt).

Net debt analysis (Rm)



REPORT OF THE GROUP FINANCIAL DIRECTOR continued

Capital expenditure

The group continues to remain committed to strategic investments. Key capital projects have experienced delays whilst others require an improvement in the commodity markets.

Total capital and investment expenditure was R1 128 million (2015: R1 354 million), of which 77 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the acquisition of dry bulk vessels and a product tanker acquired against long-term contracted employment.

Capital commitments of R721.0 million were approved as at 31 December 2016 (2015: R1 179.0 million). The commitments are for the completion of the berth deepening at Maputo Port, an integrated logistics facility, and the final payments on the newbuilding ships.

The approved commitments exclude planned expansion which is subject to final board consideration.

The capital commitments table includes R303.0 million (2015: R533.0 million) relating to joint ventures.

The group reviewed its weighted average cost of capital (WACC) calculation and project hurdle rates to ensure these reflected current market conditions and market outlook. All projects are deemed to be high risk, unless substantiated otherwise. The project hurdle rates, using project internal rate of return (IRR) have remained unchanged from the prior year and are set out in the table below:

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

Foreign currency exposures

The group has US$622.6 million (2015: US$720.1 million restated to include impairment of ships) net assets based outside of South Africa with US$ cost bases, generating US$ revenues. Foreign exchange risks are monitored and mitigated in terms of approved policies.

Taxation

At the commencement of the financial year the Group Tax Compliance and Tax Risk Management Policy was approved by the audit committee. The policy requires that the group complies fully with the tax laws and regulations of the countries/jurisdictions in which it operates. Risks associated with taxation are monitored and mitigated with reference to the approved policy.

Interest rate exposures

The group's South African 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.

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

- an organisational structure comprising clearly defined reporting lines, responsibilities and levels of authority;
- policies, procedures and guidelines to ensure that best practice standards are maintained and achieved;
- a system of financial planning, budgeting and reporting which enables performance to be monitored against predetermined objectives;
- internal financial controls which are supported by the group's IT systems;
- a finance team with the appropriate level of skill and technical training; and
- independent oversight by the internal audit division through the development and testing of financial control frameworks.

During 2016, 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 IFRS and its interpretations adopted by the IASB in issue and effective for the group at 31 December 2016 and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting 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 1 March 2017, 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 2015.

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.

Summarised consolidated financial statements

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 2016.

Focus for 2017

In addition to the strategic financial areas outlined under financial strategy, key financial focus areas for 2017 will be:

- maximise asset utilisation;
- improve operating efficiencies and cost;
- improve process and controls, and
- management control through improved reporting platforms.

Andrew Waller
Group financial director

1 March 2017

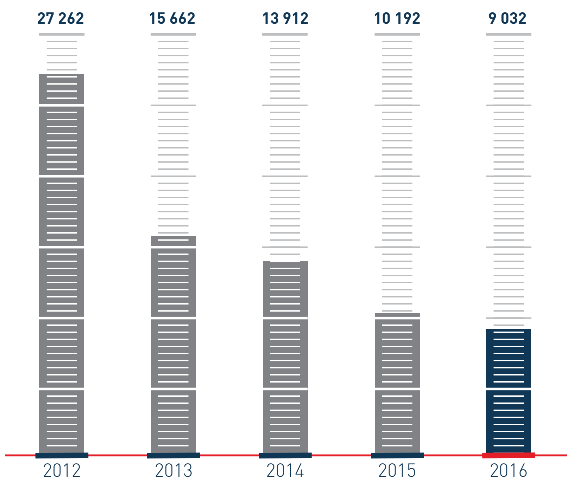
The full set of annual financial statements and notes are available on www.grindrod.com. The audit opinion is available to view at the registered office.

FIVE-YEAR REVIEW

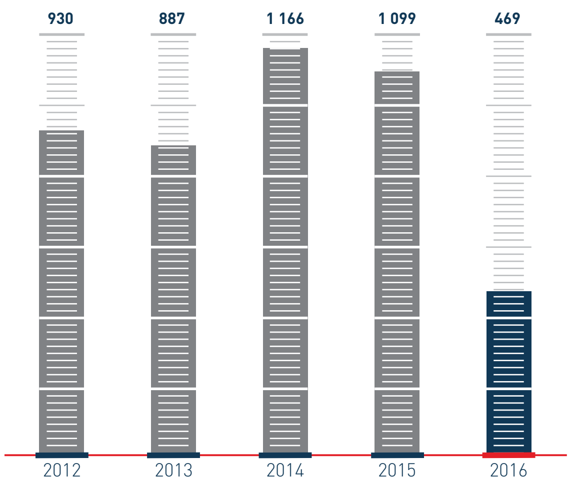
		2016	2015	2014	2013	2012
GROUP INCOME STATEMENT						
Revenue	(Rm)	**9 032**	10 192	13 912	15 662	27 262
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(Rm)	**469**	1 099	1 166	887	930
Depreciation and amortisation	(Rm)	**(584)**	(675)	(547)	(463)	(412)
Operating profit before net interest and taxation	(Rm)	**(115)**	424	619	424	518
Non-trading items	(Rm)	**(1 419)**	(1 588)	235	479	200
Net interest paid	(Rm)	**91**	33	18	(93)	(21)
(Loss)/profit before share of joint venture and associate companies' profit	(Rm)	**(1 443)**	(1 131)	872	810	697
Share of joint venture and associate companies' (loss)/profit after taxation	(Rm)	**(205)**	(47)	398	568	349
(Loss)/profit before taxation	(Rm)	**(1 648)**	(1 178)	1 270	1 378	1 046
Taxation	(Rm)	**(192)**	(190)	(194)	(116)	(141)
(Loss)/profit after taxation	(Rm)	**(1 840)**	(1 368)	1 076	1 262	905
Minority interest	(Rm)	**–**	3	(16)	(30)	(11)
(Loss)/profit for the year before preference dividends	(Rm)	**(1 840)**	(1 365)	1 060	1 232	894
Preference dividends	(Rm)	**(68)**	(61)	(59)	(55)	(57)
(Loss)/profit attributable to ordinary shareholders	(Rm)	**(1 908)**	(1 426)	1 001	1 177	837
Ordinary shareholders' interest in non-trading items	(Rm)	**1 448**	1 985	272	(475)	(231)
Headline (loss)/earnings	(Rm)	**(460)**	559	729	702	606
GROUP STATEMENT OF FINANCIAL POSITION						
Non-current assets	(Rm)	**13 248**	16 928	15 338	12 492	9 312
Loans and advances to bank customers	(Rm)	**5 855**	4 916	4 307	3 675	3 188
Current assets	(Rm)	**17 073**	14 613	13 212	12 255	9 573
Total assets	(Rm)	**36 176**	36 457	32 857	28 422	22 073
Total equity	(Rm)	**15 801**	19 140	17 480	12 133	10 241
Non-current liabilities	(Rm)	**2 610**	3 174	2 971	3 311	3 097
Deposits from bank customers	(Rm)	**13 610**	9 980	7 810	8 015	4 661
Current liabilities	(Rm)	**4 155**	4 163	4 596	4 963	4 074
Total equity and liabilities	(Rm)	**36 176**	36 457	32 857	28 422	22 073
GROUP CASH FLOWS						
Cash available from operations (excluding dual purpose assets)	(Rm)	**2 535**	3 179	919	3 304	1 986
Distribution/dividends paid	(Rm)	**29**	(151)	(170)	(174)	(215)
Cash retained from operations	(Rm)	**2 564**	3 028	749	3 130	1 771
Proceeds on disposal of property, terminals, vehicles, equipment, investments and other items	(Rm)	**278**	89	116	161	500
Cash available for investment	(Rm)	**2 842**	3 117	865	3 291	2 271
Cash invested	(Rm)	**(782)**	(1 164)	(1 335)	(1 705)	(1 137)
Net finance repaid/(raised)	(Rm)	**2 060**	1 953	(470)	1 586	1 134

		2016	2015	2014	2013	2012
ORDINARY SHARE PERFORMANCE						
Number of ordinary shares in issue net of treasury shares	(000s)	**750 548**	750 959	751 619	591 586	590 486
Weighted average number of ordinary shares on which earnings per share is based	(000s)	**750 539**	751 452	678 348	591 109	590 097
(Loss)/earnings per share – basic	(cents)	**(254.2)**	(189.8)	147.6	199.1	141.8
Headline earnings per share – basic	(cents)	**(61.2)**	74.4	107.5	118.7	102.6
Share price – opening	(cents)	**1 129**	2 240	2 803	1 585	1 400
Share price – closing	(cents)	**1 345**	1 129	2 240	2 803	1 585
Share price – highest	(cents)	**1 485**	2 278	2 895	2 875	1 585
Share price – lowest	(cents)	**850**	1 032	2 050	1 580	1 270
Number of transactions recorded		**128 454**	203 077	172 819	96 250	53 488
Number of shares traded	(000)	**302 823**	349 936	267 875	191 329	163 690
Volume of shares traded as a percentage of total issued shares	(%)	**39.7**	45.9	38.8	31.8	27.3
Market capitalisation at 31 December	(Rm)	**10 256**	8 609	17 070	16 839	9 252
Price: earnings ratio	(times)	**(5.3)**	(5.9)	15.2	14.1	11.2
EV/EBITDA	(times)	**40.8**	21.4	19.1	17.2	15.3
Dividend/distribution per share	(cents)	**–**	19.6	33.6	37.1	32.9
Dividend/distribution cover	(times)	**–**	3.8	3.2	3.2	3.1
Dividend yield	(%)	**–**	1.7	1.5	1.3	2.1
EBITDA per share	(cents)	**87.0**	227.4	269.0	300.0	235.6
Earnings yield	(%)	**(18.9)**	(16.8)	6.6	7.1	8.9
Net worth per share at book value	(cents)	**2 007**	2 450	2 227	1 926	1 609
PREFERENCE SHARE PERFORMANCE						
Number of preference shares in issue	(000s)	**7 400**	7 400	7 400	7 400	7 400
Share price – opening	(cents)	**7 500**	8 375	9 350	9 150	9 720
Share price – closing	(cents)	**7 750**	7 500	8 375	9 350	9 150
Share price – highest	(cents)	**8 150**	8 500	9 800	9 400	10 010
Share price – lowest	(cents)	**7 150**	7 440	8 100	8 501	9 000
Number of transactions recorded		**2 070**	2 590	1 917	3 339	1 920
Number of shares traded	(000)	**1 716**	1 289	1 576	1 838	1 505
Volume of shares traded as a percentage of total issued shares	(%)	**23.2**	17.4	21.3	24.8	20.3

Revenue (Rm)



EBITDA funds (Rm)

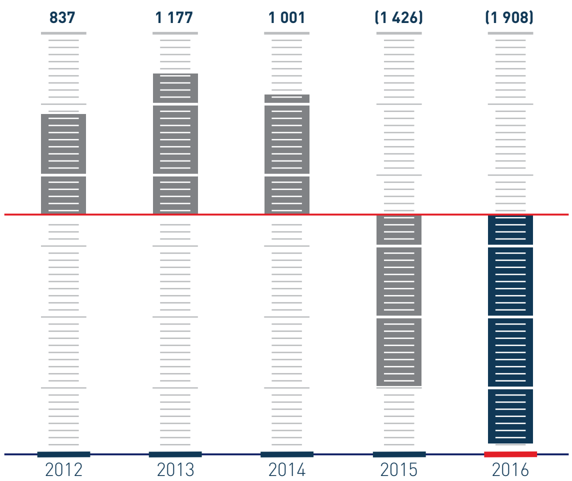


FIVE-YEAR REVIEW continued

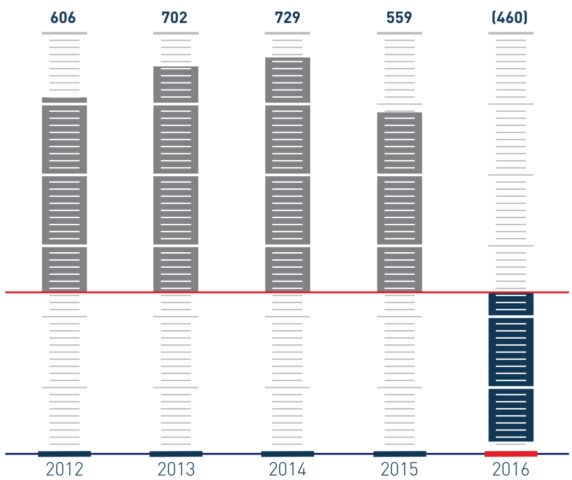
		2016	2015	2014	2013	2012
KEY RATIOS						
Profitability						
Operating margin	(%)	**(1.3)**	4.2	4.4	2.7	1.9
Operating margin including joint venture entities	(%)	**(0.8)**	2.9	3.3	3.6	2.6
Return on net assets	(%)	**(8.1)**	(5.3)	6.4	9.1	7.4
Return on ordinary shareholders' funds – minimum	(%)	**(11.4)**	(8.1)	7.2	11.4	9.4
Effective rate of taxation excluding joint ventures	(%)	**n/a***	(22.3)	32.2	34.8	30.2
Leverage and liquidity						
Total liabilities to total shareholders' interests	(%)	**21.7**	13.7	10.9	51.7	23.2
Net interest-bearing debt/(cash) to total shareholders' interests	(%)	**2.4**	(0.2)	(3.1)	21.4	7.3
Net debt to EBITDA	(times)	**0.8**	–	(0.5)	2.9	0.8
Debt:service cover ratio		**0.3**	0.7	0.4	0.6	1.3
Interest cover	(times)	**n/a****	n/a**	n/a**	9.7	33.8
Current ratio		**3.7**	3.3	2.7	2.3	2.3

* *Current year effective taxation rate distorted by losses in the shipping and freight services businesses (refer to the report of the group financial director for further detail).*
** *Interest cover (times) ratio is negative in the current year due to operating losses (including non-trading items). 2015 and 2014 have been restated due to the net interest received position.*

Attributable profit/(loss) (Rm)



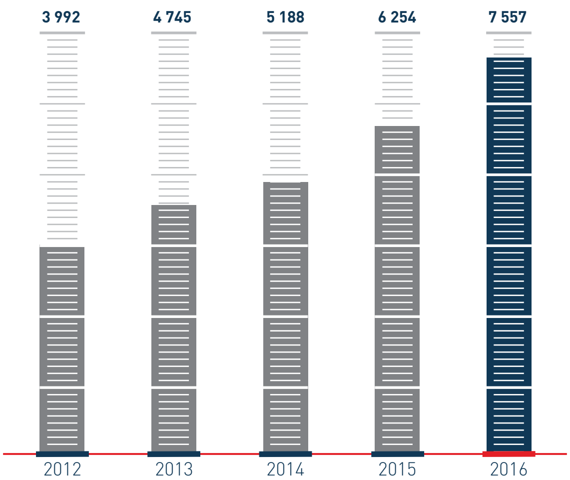
Headline earnings/(loss) (Rm)



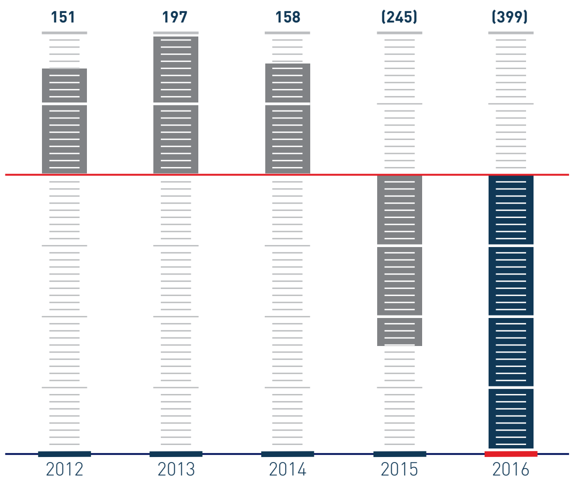
		2016	2015	2014	2013	2012
TRANSFORMATION						
Employment equity – HDSA	(%)	**73.9**	74.8	78.2	79.1	77.5
B-BBEE Contributor Level – Grindrod (South Africa) Proprietary Limited		**Level 2**	Level 2	Level 2	Level 4	Level 3
SOCIAL RESPONSIBILITY						
Total spend on projects	(Rm)	**11.9**	7.3	14.9	15.5	5.6
Environment						
Energy efficiency – electricity	(kWh/FTE)	**3 197**	2 706	2 942	2 791	3 093
Total GHG emissions (CO_2 equivalent)	(tonnes)	**453 590**	480 782	443 965	512 376	418 957
GHG emissions intensity (CO_2 per rand revenue)	(grams)	**18.19**	17.17	13.57	15.60	14.94
SAFETY AND HEALTH						
Fatalities						
– Freight Services		**–**	2	1	2	2
– Shipping		**1**	–	–	–	–
Lost-time incidents						
– Freight Services		**42**	58	68	109	120
– Shipping		**7**	3	8	8	2
Lost-time injury frequency rate (LTIFR)						
– Freight Services		**0.59**	0.67	0.86	1.31	8.42
– Shipping		**0.22**	0.09	0.26	0.29	0.47
HUMAN CAPITAL						
Number of employees at year-end		**5 881**	7 044	7 506	7 675	7 295
– subsidiaries		**4 090**	4 908	5 443	4 304	3 765
– joint ventures and associate companies		**1 791**	2 136	2 063	3 371	3 530
Training spend	(Rm)	**9**	13	17	18	13
Average training spend per employee	(R)	**1 530**	1 849	2 315	2 344	1 710
Assets per employee***	(R000)	**7 557**	6 254	5 188	4 745	3 992
(Loss)/profit per employee***	(R000)	**(399)**	(245)	158	197	151

**** Calculated based on employee numbers at effective shareholding.*

Assets per employee (R000)



Profit/(loss) per employee (R000)



DIRECTORATE AND EXECUTIVE COMMITTEE

Mike Hankinson
Age: 67

CA(SA)

Independent non-executive chairman

Appointed 15 December 2009

Mike took over as chairman of Grindrod Limited in 2014 having been appointed as a non-executive director in 2009. He is the current chairman of the Spar Group Limited and is a former non-executive director of numerous listed and unlisted companies including Dunlop Tyres International Proprietary Limited and Romatex Limited.

CNC | MRC | MSE | MRI | MIC

Alan Olivier
Age: 56

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.

MRI | CIC | EXCO

Hassen Adams
Age: 64

Pr Tech Eng (Civil Engineering)

Independent non-executive director

Appointed 1 December 2000

Hassen is a consulting engineer, executive chairman of Grand Parade Investment Limited and non-executive chairman of SunWest.

He holds directorships in diverse industry sectors including construction, gaming, shipping, entertainment and leisure and has extensive experience in corporate finance.

Hassen was voted EY's South African Exceptional Entrepreneur for 2014.

MRI

CAC	Chairman audit committee	MAC	Member audit committee	CIC	Chairman investment committee	MIC	Member investment committee
CNC	Chairman nomination committee	MNC	Member nomination committee	CRC	Chairman remuneration committee	MRC	Member remuneration committee
CRI	Chairman risk committee	MRI	Member risk committee	CSE	Chairman social and ethics committee	MSE	Member social and ethics committee

Mkhuseli Faku
Age: 50

BA (Law-Rhodes University); 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.

Mkhuseli has extensive experience in the South African oil and logistics sectors and serves on the boards of Total South Africa and Rhodes University.

Walter Geach
Age: 62

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

Independent non-executive director

Appointed 29 July 2008

Advocate of the High Court of South Africa, a senior professor at the University of the Western Cape and a non-executive director of Grindrod Bank Limited.

Walter's areas of specialisation are financial accounting, taxation, corporate governance, business and financial services.

MAC

Grant Gelink
Age: 67

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 Zhakele Limited, First Rand 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.

CAC

CAC Chairman audit committee	MAC Member audit committee	CIC Chairman investment committee	MIC Member investment committee
CNC Chairman nomination committee	MNC Member nomination committee	CRC Chairman remuneration committee	MRC Member remuneration committee
CRI Chairman risk committee	MRI Member risk committee	CSE Chairman social and ethics committee	MSE Member social and ethics committee

DIRECTORATE AND EXECUTIVE COMMITTEE continued

Gerhard Kotze

Age: 47

CA(SA)

Alternate non-executive director

Appointed 1 August 2016

Managing executive of Brimstone Investment Corporation. Gerhard has experience in corporate finance, treasury and investment evaluations, at Nedbank Capital, Brait SA, Wipcapital and Anglo American Corporation of South Africa.

Gerhard is alternate to Mkhuseli Faku.

Zola Malinga

Age: 39

CA(SA)

Independent non-executive director

Appointed 24 October 2016

Co-founder and executive director of Jade Capital Partners.

Zola has experience in corporate finance, investments and debt and equity finance at the real estate division of Standard Bank, Investec Bank and the Liberty group.

She serves as non-executive director and a member of the audit committee of Hospitality Property Fund Limited and Sasol Inzalo.

Raymond Ndlovu

Age: 50

B Business Studies (Hons)

Independent non-executive director

Appointed 27 May 2016

Raymond has 27 years experience in various fields in the financial services industry.

In 2013 Raymond joined Invenfin, the venture investment division of Remgro as an investment executive, before being re-assigned to Remgro in July 2015.

He serves in a non-executive capacity on the boards of several Remgro investee companies and as an independent director of Strate Limited.

MSE MAC

CAC	Chairman audit committee	MAC	Member audit committee	CIC	Chairman investment committee	MIC	Member investment committee
CNC	Chairman nomination committee	MNC	Member nomination committee	CRC	Chairman remuneration committee	MRC	Member remuneration committee
CRI	Chairman risk committee	MRI	Member risk committee	CSE	Chairman social and ethics committee	MSE	Member social and ethics committee

Bongiwe Ntuli
Age: 39

CA(SA)

Executive director

Appointed 20 August 2015

Director of major local subsidiary companies and associates, including Grindrod Bank Limited, Grindrod (South Africa) Proprietary Limited, Oiltanking Grindrod Calulo Proprietary Limited and Röhlig-Grindrod Proprietary Limited. Bongiwe joined Freight Services in May 2008 as CFO after holding various positions within Anglo American.

She was appointed to the Grindrod Executive as Executive Corporate Services in 2012, as CEO Port, Terminals and Rail in 2014 and CEO Freight Services in 2016.

MRI EXCO

David Polkinghorne
Age: 52

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 companies and trustee of various charitable trusts and foundations. Chairman of the Grindrod Pension and Grindrod Provident Funds.

David has been involved in the financial services sector for more than 25 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 17 years service with the group.

MRI EXCO

Nkululeko Sowazi
Age: 53

MA (UCLA)

Independent non-executive director

Appointed 25 February 2014

Chairman of KTH, a leading SA investment holding company, Tiso Investment Holdings and Synchem Group Limited, a chemicals holding company, Nkululeko is a director of MTN Group Limited, Vanguard Group Limited (Ghana), Tiso Blackstar Group SE (UK) and IQ Business Holdings.

MNC MRC MRI

CAC	Chairman audit committee	MAC	Member audit committee	CIC	Chairman investment committee	MIC	Member investment committee
CNC	Chairman nomination committee	MNC	Member nomination committee	CRC	Chairman remuneration committee	MRC	Member remuneration committee
CRI	Chairman risk committee	MRI	Member risk committee	CSE	Chairman social and ethics committee	MSE	Member social and ethics committee

DIRECTORATE AND **EXECUTIVE COMMITTEE** continued

Pieter Uys
Age: 54

MSc (Engineering); MBA

Independent non-executive director

Appointed 30 August 2013

Director of major local and international companies and also serves on the Remgro Management Board. Pieter is a former CEO of Vodacom Limited.

MNC CRC CRI MIC

Martyn Wade
Age: 57

Executive director

Appointed 16 November 2011

CEO of Grindrod Shipping Pte Limited, director of UK Freight Demurrage & Defence Association and a member of the Singapore Maritime Foundation Advisory Panel. Martyn has 39 years' 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 eight years' service with the group.

MRI EXCO

Andrew Waller
Age: 54

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 six years' service with the group.

MSE MRI EXCO

Sandile Zungu
Age: 50

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.

CAC	Chairman audit committee	MAC	Member audit committee	CIC	Chairman investment committee	MIC	Member investment committee
CNC	Chairman nomination committee	MNC	Member nomination committee	CRC	Chairman remuneration committee	MRC	Member remuneration committee
CRI	Chairman risk committee	MRI	Member risk committee	CSE	Chairman social and ethics committee	MSE	Member social and ethics committee

Board profile	Independent non-executive directors	Executive directors	**Board and Executive Committee**
By race group and gender			
African female	6.25%	6.25%	**12.50%**
African male	25.00%	-	**25.00%**
Coloured male	6.25%	-	**6.25%**
Indian male	6.25%	-	**6.25%**
White male	25.00%	25.00%	**50.00%**
By age group			
30 to 50 years old	31.25%	6.25%	**37.50%**
>50 years old	37.50%	25.00%	**62.50%**

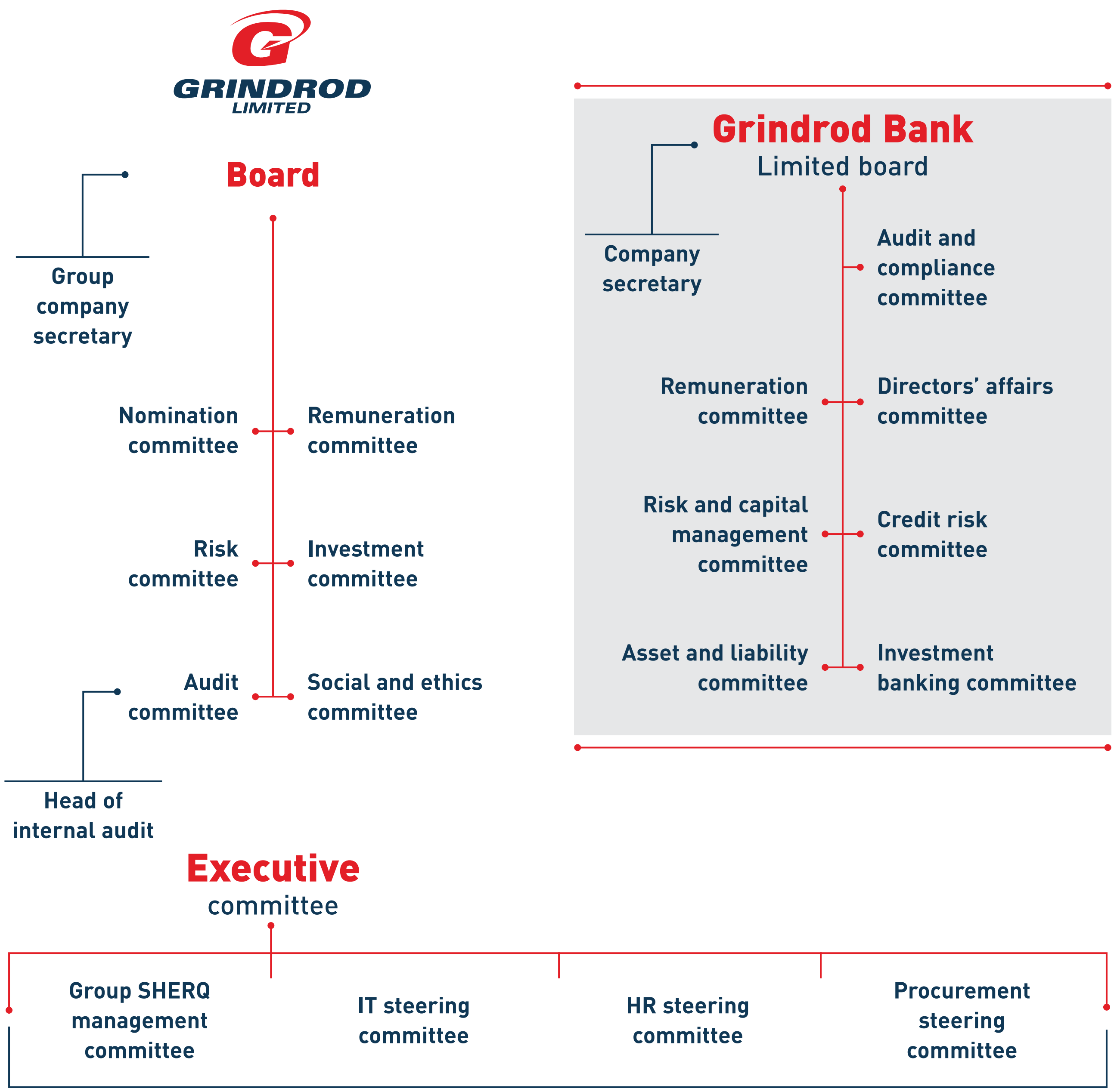
Board tenure	Independent non-executive directors	Executive directors	**Total**
0 – 3 years	25.00%	6.25%	**31.25%**
4 – 9 years	37.50%	12.50%	**50.00%**
More than 9 years	6.25%	12.50%	**18.75%**

Attendance at meetings	Board A/B	Executive committee[1] A/B	Social and ethics committee A/B	Audit committee A/B	Risk committee A/B	Investment committee A/B	Nomination committee A/B	Remuneration committee A/B	Reason for non-attendance
H Adams	3/4				1/2				Traveling
AC Brahde[2]	2/2								
JJ Durand[3]	2/2						1/1	1/1	
MR Faku	4/4		0/1[4]						
WD Geach	4/4			2/2					
GG Gelink	4/4			2/2					
MJ Hankinson	4/4	1/1[5]	3/3		2/2	2/2	3/3	3/3	
G Kotze*[6]	2/2								
ZN Malinga[7]	1/1								
RSM Ndlovu[8]	3/3		2/2	1/1					
B Ntuli	4/4	14/14	3/3		2/2				
T Nyoka[9]	1/1			1/1					
AK Olivier	4/4	14/14			2/2	2/2			
DA Polkinghorne	4/4	14/14			2/2				
NL Sowazi	2/4				2/2		3/3	3/3	Attended another board meeting
PJ Uys	4/4				2/2	2/2	3/3	3/3	
MR Wade	4/4	14/14			2/2				
AG Waller	4/4	11/11[10]	3/3		2/2				
SDM Zungu	3/4								Family responsibility

A indicates the number of meetings which the director attended.
B indicates the number of meetings which the director could have attended.
** Alternate director.*
1 Includes four scheduled executive committee meetings, four scheduled divisional executive meetings, four scheduled group SHERQ management committee meetings, a two-day strategic planning meeting with key operational management and a two-day executive strategy planning meeting.
2 Resigned as independent non-executive director on 27 May 2016.
3 Resigned as non-executive director on 27 May 2016.
4 Resigned as member of the social and ethics committee on 22 February 2016.
5 Attended a two-day executive strategy planning meeting by invitation.
6 Appointed as non-executive director on 1 August 2016.
7 Appointed as independent non-executive director on 24 October 2016.
8 Appointed as independent non-executive director on 27 May 2016.
9 Resigned as independent non-executive director on 10 May 2016.
10 Excluded from the group SHERQ management committee meetings as the CEO attends these. Attended one meeting by invitation.

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

CORPORATE GOVERNANCE



Ethical leadership

Sound corporate governance structures and processes guide the Grindrod board in the formulation and implementation of company strategy to create sustainable value to the benefit of all stakeholders.

Governance structures, as well as policies and practices, commit the company to high standards of business integrity and ethics in all its activities. These standards are given substance by the six core values of accountability, fairness, integrity, professionalism, respect and transparency. Four sustainability pillars – health and safety, people, the environment and communities – underpin the board's focus on a responsible and integrated approach to value creation.

The board and its committees regularly review the company's governance structures and processes to ensure they support effective and ethical leadership, the entrenchment of a values-driven ethical culture, responsible corporate citizenship and sustainable value creation. Where appropriate, governance structures and processes are adapted to best practice developments within the statutory and non-statutory spheres.

The board is of the opinion that, with reference to the following paragraph, Grindrod complies with the Code of Governance Principles in King III. A detailed schedule of compliance with this code is available on the company's website. The board also resolved that Grindrod complies with the JSE Listings Requirements and all significant requirements incorporated in relevant South African and international legislation, regulations and best practices in all countries in which it operates.

King III and King IV

In its integrated annual report for 2015, Grindrod reported that it met the application requirements for 72 of the 75 principles included in the King Code of Governance Principles for South Africa (King III Code), and explained why three principles were partially applied. This partial application is no longer relevant with the release of the sixteen-plus-one principles-based King IV Code in November 2016.

The board has, in line with its objective to continuously improve corporate governance practices, elected for early adoption of King IV in a phased approach. An evaluation of the compliance requirements applicable to relevant practices included in the King IV Code has been completed and a governance practice improvement framework established to ensure Grindrod's ability to meet all the application requirements by the end of 2017.

Board responsibility and procedures

Grindrod's memorandum of incorporation (MOI) and the board charter assign responsibility for strategic direction and control of the company to the board. The board exercises this control by way of the company's governance framework. This includes a system of assurances on internal controls and detailed reporting to the board and its committees.

The board annually reviews and approves the delegation of authority to management in specified matters and those matters reserved for board decision-making. On the recommendations of the executive committee, the board reviewed, amended and approved the Limits of Authority at its meeting in November 2016.

The board is assisted in its responsibility to identify, oversee and manage economic, environmental and social risk and opportunities by audit, investment, nomination, remuneration, risk and social and ethics sub-committees and the delegated executive management committee.

The board charter sets out the practices and processes the board has adopted to discharge its responsibilities. The charter provides for a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. An assessment of adherence to the board charter was completed in 2016, in terms of which the board was satisfied that the spirit and intent of the board charter were adhered to during the year.

The charter, the terms of reference of all board and statutory committees, and the company's MOI is available on the Grindrod website.

Board structures, practice and duties

Appointments to the board are based on the corporate leadership skills, experience and expertise required to advance the strategic direction of the company, with diversity in gender and race taken into account. Board members are appointed through a formal process and the nomination committee assists in identifying and reviewing suitable candidates for election by the shareholders. In the board's assessment, all directors have the relevant knowledge, skills and experience to make a meaningful contribution to and ensure effective leadership of the company.

The board comprised 16 directors at 1 March 2017, of which five are executive directors. The chairman is responsible for the effective leadership of the board. At its meeting held in November 2016 the nomination committee evaluated the independence, inclusive of the nine indicators included in King IV and tenure in excess of nine years, of all serving board members on a substance-over-form basis.

Based on this assessment all non-executive directors were deemed independent and the board, on the recommendation of the nomination committee, passed a resolution confirming the independence of the 11 serving non-executive directors.

One-third of the company's non-executive directors are required to retire by rotation at the annual general meeting. Retiring directors may offer themselves for reappointment by the shareholders. Directors who join the board during the course of a year are required to have their appointments confirmed by shareholders at the following annual general meeting. The suitability of the directors retiring by rotation was assessed by the nomination committee, and the board resolved to put these directors to shareholders for re-election based on the recommendation of the committee.

The nomination committee also evaluated the suitability of the proposed members of the audit committee. Based on the recommendation of the committee the board propose appointment of the evaluated members to the audit committee.

The duties of the board, performed in accordance with terms of reference and work plans that are reviewed and approved on an annual basis to ensure compliance, include monitoring and reviewing the implementation of the group business plan within the approved budget and with due cognisance of the associated business risks.

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 evaluation

The board charter makes provision for the evaluation of the performance and effectiveness of the board and its committees. Evaluations are undertaken annually and provide for the completion of standardised questionnaires that are structured according to the terms of reference and annual work plans of each of the committees and the board charter and annual work plan of the board.

The performance and effectiveness of the chairman of the board is evaluated collectively by its members.

The evaluations undertaken in 2016 indicated satisfactory levels of governance at board and committee levels.

CORPORATE GOVERNANCE continued

The nomination committee was, based on an evaluation, satisfied with the board composition, inclusive of the skills, experience and qualifications of its members. The board accepted the evaluation of the committee.

Executive committee

The board is responsible for appointing the CEO, an executive director whose role is separate from that of the chairman, and for appointing the group financial director.

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, good governance, legal compliance and the appointment and evaluation of senior management.

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, and reviewed annually.

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

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. He is also responsible for managing the areas grouped under Grindrod's shared-services model.

The audit committee considered the expertise and experience of Andrew Geard Waller, the group financial director, and deemed it appropriate. The committee is also satisfied that the expertise, resources and experience of the finance function are appropriate to support the company business.

Group company secretary

Grindrod's group company secretary does not fulfil an executive management function, and is not a director of the board.

The group company secretary ensures corporate and legal compliance and adherence to the JSE Listings Requirements and to proper corporate governance principles. She is, 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 2016.

The group company secretary is, based on the approved annual work plans, responsible for preparing meeting agendas in advance and in consultation with both the chairman of the board or subcommittee and the CEO, and for recording minutes. She provides accurate, concise and relevant information to the board in a timeous manner to enable the board to take informed decisions and to monitor the progress and performance of management against the approved business strategy.

The group company secretary also provides guidance to directors on governance, compliance and fiduciary responsibilities.

The group company secretary also fulfils the function of the group ethics officer, is responsible for governance structures appropriate to sustainability reporting, and serves as the principal officer of Grindrod's major pension and provident funds.

The board considered the interactions between the group company secretary and the board during the past year, and is satisfied that there is an arms-length relationship between the board and the group company secretary.

Based on a formal assessment, which included review of the group company secretary's qualifications, experience and demonstration of competence in execution of the above mentioned functions, the board is of the opinion that Catherina Isabella Lewis, the group company secretary, possesses the requisite competence, qualifications and experience and has confirmed that she is suitably qualified, competent and experienced to hold the position of group company secretary. She is an admitted attorney and conveyancer with 23 years of legal experience and holds the following degrees: BLC, BProc, BA, LLB, LLM (Law of Contract) and LLM (Corporate Law). The academic and professional qualifications of the group company secretary were externally verified prior to her appointment.

Legal and regulatory compliance

Legal and regulatory compliance is entrenched across the group through a formalised group legal compliance universe, approved by the social and ethics committee in 2013 on the recommendation of the executive committee. In 2015 the associated legal compliance strategy was implemented and a group legal compliance officer appointed.

Further progress was made in 2016 with formalisation of the regulatory universe and legal registers at a divisional level in conjunction with training and awareness to promote the entrenchment of a culture of compliance and increased group-level legal support.

Compliance with all applicable laws and consideration to non-binding rules, codes and standards is reviewed by the social and ethics committee bi-annually and by the audit committee as it applies to its mandate.

Good progress was made following Grindrod's voluntary placement in 2015 under Director General Review regarding employment equity (EE). A framework to ensure employment equity compliance across all group companies was established in consultation with the Department of Labour (DOL) and Grindrod management continues to collaborate with the DOL on the substantive implementation of EE plans and tracking of progress against set targets.

B-BBEE compliance

Grindrod supports the objectives of economic empowerment and, in compliance with the requirements of the Broad-Based Black Economic Empowerment Amendment Act No 46 of 2013, the Broad-Based Black Economic Empowerment Regulations 2016 and the JSE Listings Requirements, a B-BBEE compliance report is available on the company website.

Tax compliance

The Grindrod Limited group recognises its moral and legal responsibilities to fulfil its tax obligations by contributing fairly to the fiscus of the various jurisdictions in which it operates, creating sustainable returns while ensuring that it maximises shareholder value. Its objective is to ensure that it complies fully in a timely, accurate and professional manner with the tax laws and regulations of the countries in which it operates.

The organisation has a tax governance framework to deal with tax compliance and tax risk that is incorporated into the corporate governance framework of the board. The group seeks to achieve greater clarity, certainty and transparency in its tax affairs, thereby ensuring that tax planning is built on a sound commercial business activity. From a board perspective, in order to identify improvement opportunities in a tax efficient manner through proactive collaboration with all group companies, the board has formalised and articulated a group tax compliance and tax risk policy that is compliant and congruent within the organisation.

Business ethics

The principles of ethical leadership, management and behaviour to which the company subscribes, are set out in the Grindrod code of ethics and other relevant policies. The code, which outlines the principles for ethical conduct, based on Grindrod's six core values, is available on the company website.

Adherence to the code is mandatory for all employees and the code is communicated to all employees as an integral part of their induction. The code is designed to raise ethical awareness, guide day-to-day decision making and provide assurance on the integrity of the group companies to external stakeholders. All South African staff annually acknowledge their adherence to the code of ethics and declare conflicts of interest and substantial gifts received.

In 2016 ethical behaviour was promoted through a focused fraud-awareness campaign facilitated by the internal audit function. Business processes were also improved to reduce the opportunity for fraud.

Following SGMs certification in 2015, Grindrod (South Africa) Proprietary Limited obtained certification from TRACE International, a leading global anti-bribery standards-setting organisation. The certification is internationally recognised and used widely in tender processes.

Unethical behaviour can be reported 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 2016. All instances reported to the ethics officer have been investigated or are in the process of being investigated and closed out.

Grindrod operates an independent toll-free fraud-reporting hotline through Deloitte & Touche, which provides an impartial and absolutely confidential facility for all stakeholders to anonymously report any fraud-related matter. In 2016, 25 incidents (2015: 27 incidents) were reported by this hotline.

All reported incidents are investigated and listed in a register, although confidentiality is guaranteed if required. Incidents of corruption at management level are investigated internally and, if deemed appropriate, referred to disciplinary proceedings or to law enforcement agencies in more serious cases. No material incidents of corruption were identified in 2016.

Compliance with the code of ethics is also monitored through internal audits 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.

Internal audit

Grindrod's internal audit function, which covers the group's operations, is central to the company's governance processes, internal control framework and risk governance.

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.

The effectiveness of the internal audit function and scope restrictions are monitored and reviewed by the audit committee together with the internal audit manager's appointment and performance. The internal audit manager reports functionally to the audit committee and administratively to the group financial director and has unrestricted access to the chairman and members of the audit committee.

The audit committee approves the internal audit charter, internal audit plan and the budget of internal audit to ensure it operates independently of management.

The internal audit charter outlines the role of the internal audit function. The function reviews significant business, strategic and control risks to assist management to develop and embed 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 and to provide the audit committee with an assessment on the level of assurance that can be placed on governance and control across Grindrod.

The annual audit plan is based on an assessment of identified internal and external risk areas. The annual audit plan is updated as appropriate to ensure it remains responsive to changes in the business. A comprehensive report on material internal audit findings and matters of significance is submitted to the audit committee bi-annually.

CORPORATE GOVERNANCE continued

Risk management

The board, supported by the risk committee, is responsible for risk governance to support the setting and achieving of strategic objectives.

More information on risk governance, the group's risk management framework and process and its mitigation strategies for key identified risks are included on pages 61 and 62.

Internal control and combined assurance

The directors are ultimately responsible for the company's system of internal control, which is designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss.

The system of internal control is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. Grindrod's systems of internal control and governance structures are subject to independent review by internal audit and external assurance providers.

Grindrod's 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, which is aligned with the principle and supporting practices of King IV, was developed by identifying risks, control measures and assurance providers.

The audit of risks is 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 and risk committees, that all significant risks and associated opportunities are adequately managed.

Information technology (IT)

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.

IT governance is systematic and based on CoBIT 5 principles, providing a basis for alignment of the IT strategy with that of the company. Additionally, best-practice frameworks have been adopted, including PMBOK and Prince II. A three-year IT governance roadmap, developed in 2015, provides for IT strategy, governance and policies and legal and other compliance as key focus areas. Alignment of this roadmap with the principles and practices of King IV is progressing.

An IT governance charter has been developed and is managed through the Grindrod executive committee and group IT steering committee. The charter 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 the promotion of IT effectiveness to capitalise on economies of scale across the group.

The group IT steering committee, responsible for the implementation of business-focused IT strategies, comprises the chief information officer, divisional CFOs and IT managers, and ad-hoc members that are experts in particular business processes or technologies. The committee met five times in 2016 (2015: five times) to drive the implementation of fit-for-purpose IT infrastructure and software.

The project management office (PMO), which also operates in terms of an approved charter, supports the group IT steering committee with the effective establishment and efficient delivery of IT programs and projects.

Decision-making structures are defined and a reporting framework is in place. Based on bi-annual reporting, the audit committee reviews and evaluates audit assessments of IT-related controls performed by the internal and external auditors together with the appropriateness of actions taken by management to address key issues identified.

Stakeholder engagement

The board supports stakeholder engagement and communication strategies that facilitate 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 economically, socially and environmentally sustainable business practices.

Share dealings

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

- any closed period, being from the end of the interim and annual reporting periods to the announcement of the interim and annual results; or
- any prohibited period as defined in the JSE Listings Requirements, of which none were declared by the company during the year.

There were no ordinary share transactions by directors during 2016.

RISK MANAGEMENT

Risk governance

The board, supported by the risk committee, is ultimately responsible for governing risk-management processes in accordance with corporate governance requirements.

The risk committee reviews the group's risk appetite and tolerance levels relative to specific risks and risk-management policy and processes. It recommends the approval of the group risk-management plan for the ensuing year by the board. The investment committee reviews, within the framework of the board-approved delegations of authority, capital and other applications for recommendation to the board.

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.

Further to the inputs of its sub-committees, the board monitors, reviews and assesses all aspects related to the appropriate management of economic, social and environmental risk and opportunity at each quarterly board meeting.

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

Risk-management framework

The Grindrod risk-management framework, which reviews identified risks and accounts for new and emerging opportunities and 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, supported by the risk committee, 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 both internal and external risks and their associated opportunities. The processes also promote the ownership of risk areas and risk-management accountability within the group.

Identified risks are evaluated in terms of 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 reputation. The evaluations of the impact and probability 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, supported by the risk committee, 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.

RISK MANAGEMENT continued

Grindrod's identified key risks and associated mitigation strategies are as follows:

Risk/impact	Mitigation/opportunities
Continued, **reduced commodity demand**, which impacts asset utilisation and income.	Maintain internal market-analysis systems, diversify across commodities and geographies, include take-or-pay clauses in contracts and engage with clients and suppliers to facilitate financially viable logistics solutions.
Volatility in global shipping markets, which negatively influences return on assets and revenue streams.	Continuous assessment of asset value against targeted returns, joint-venture, charter and pooling arrangements to optimise market penetration and a fleet-replacement programme that ensures fleet efficiency in terms of cost and returns.
Liquidity risk, which impacts the funding of operations and projects.	Managing businesses to continue generating cash from operations, maintaining an optimal balance between equity and debt funding and committed and uncommitted facilities with banks, with the renegotiation of funding terms and covenants when required.
Supplier and partner concentration risk, which could distort sustainable income across businesses in the case of a default.	Structured engagement with relevant suppliers and partners at strategic and operational levels to ensure mutual commitment and unlock the potential of infrastructural assets. Continued assessment of concentration risk in terms of established risk models.
Political and sovereign risk, which threatens investments made in foreign countries. Expropriation of assets or concessions and political instability constitute the biggest impacts.	Thorough country and investment assessments in terms of the group investment policy prior to board approval, including political-risk insurance 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.
Loss of key management staff, which could jeopardise business continuity.	Talent-management, performance-development and retention initiatives for key posts are in place, as is succession planning for top executives, which is monitored at board level.
SHERQ risks, which can cause harm to employees, contractors and the environment and jeopardise the sustainability of the business.	SHERQ risks are mitigated according to a SHERQ and sustainability 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.
Employment equity/B-BBEE risk, which could exclude the business from sourcing and retaining customers in terms of relevant legislation and industry charters.	Driving equity compliance across the business and 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.
One Grindrod implementation risk, which could impact on the enablement of business growth and the ability to capitalise on opportunities.	Continued enhancement and restructuring of common systems and processes within a shared-services model together with the continuous evaluation of integrated business opportunities through business development at a group level.
Reputational risk, which could tarnish the market perception of the group as a reputable and dependable supplier, with a resultant negative impact on earnings and enterprise value.	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.

REPORT OF THE RISK COMMITTEE

Role and key functions

The risk committee is a formal committee of the board that provides focused support to the board with respect to its risk-governance responsibility. The committee functions in terms of defined terms of reference, approved by the board in 2015 and reviewed annually, and an approved detailed annual work plan.

The committee reviews, monitors, advises on and makes recommendations regarding the effective management of the risks and opportunities that guide the strategic direction of the company. It also monitors and reviews the development and implementation of appropriate policy, plans and systems to ensure business performance within defined risk appetite and tolerance limits.

Composition and committee meetings

The committee comprises four independent non-executive directors and five executive directors. During the year under review, directors serving on the committee included Pieter Uys (chairperson), Hassen Adams, Mike Hankinson, Bongiwe Ntuli, Alan Olivier, David Polkinghorne, Nkululeko Sowazi, Martyn Wade and Andrew Waller. More details of these directors are given on pages 50 to 54.

The committee's terms of reference make provision for scheduled meetings twice a year and unscheduled meetings when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2016.

Attendance of committee members at the meetings of the committee in the year is listed on page 55 of this integrated annual report.

Fees paid to the committee members are reflected on page 67 in the remuneration report and the proposed fees for 2017 are detailed on page 96.

Key activities

In terms of its mandate, matters included in the risk committee's annual work plan in 2016 included:

- reviewing the risk-management framework, policy, risk appetite and risk-tolerance limits for the company;
- reviewing and assessing the top group and divisional risks associated with the environment in which the company operates and the capitals used and affected by the operations and the appropriateness of the mitigation strategies implemented;
- reviewing the effectiveness of the process for identifying, assessing and reporting on significant internal financial-control, fraud and IT risks as related to financial reporting;
- reviewing internal audit assessment on the effectiveness of the risk management process;
- reviewing the insurance cover in place and associated claims history;
- evaluating the performance of the risk committee;
- reviewing the risk committee report for inclusion in the 2016 integrated annual report; and
- approving its annual work plan for 2017.

Risk-management process

Following its assessment, the risk committee is of the opinion that the company's risk-management processes are effective in identifying, assessing and addressing the material factors that may impact the company in the development and implementation of its strategies.

On behalf of the risk committee

Pieter Uys
Chairman

1 March 2017

REPORT OF THE **INVESTMENT COMMITTEE**

Role and key functions

The investment committee is a formal committee of the board that makes recommendations on the strategic direction of the company. It reviews and advises on capital and other applications in terms of the company's limits of authority for recommendation to the board.

The committee functions in terms of defined terms of reference, approved by the board in 2016 and reviewed annually, as well as an approved detailed annual work plan.

Composition and committee meetings

The committee comprises three members, the CEO as chairman, the chairman of the board and one non-executive director, Pieter Uys. More details of these directors are given on pages 50 to 54. The chairman may co-opt ad-hoc members for a meeting, based on the capital applications to be considered.

Meetings are scheduled as required as per the terms of reference. Attendance of committee members is listed on page 55 of this integrated annual report.

Fees paid to the committee members are reflected on page 67 in the remuneration report and the proposed fees for 2017 are detailed on page 96.

Key activities

In terms of its mandate, matters considered by the investment committee in 2016 included applications to submit tenders, the increase of current investments, placement of new investments and the restructuring of investments.

On behalf of the investment committee

Alan Olivier
Chairman

17 February 2017

REPORT OF THE REMUNERATION COMMITTEE

Scope of report

This report reviews the activities of the remuneration committee and provides an overview of the remuneration principles, policy and practices applicable to rewards available and awarded to directors, prescribed officers and key managers.

Remuneration philosophy and policy

The Grindrod remuneration philosophy is to fairly reward individual performance, measured against objective structures, to support organisational sustainability, a high-performance culture and the retention of scarce and specialised skills.

Remuneration policies are structured to achieve value-based management, which, at organisational level, stimulates organisational performance and optimises employed capital and shareholder returns. Policy frameworks, which adhere to legislation and sound governance criteria, are aligned with the business strategy and objectives. Individual performance is measured against individually tailored, predetermined KPIs, including non-financial sustainability measures that incrementally trigger rewards. To achieve performance continuity and the desired retention levels, some policies factor out conditions over which the organisation and individuals have no control, such as adverse market conditions.

Guaranteed executive remuneration is benchmarked in consultation with independent remuneration specialists.

Executive remuneration includes short- and long-term incentives which are linked to performance and sustainable achievements. Certain rewards are based on share-price appreciation which promotes long-term commitment to creating shareholder value.

Role and key functions

The remuneration committee is a formal committee of the board that assists in determining and recommending remuneration policy. The role and key functions of the remuneration committee are defined in the remuneration committee terms of reference, approved by the board in 2014, and reviewed annually.

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

Composition and committee meetings

The committee comprises three independent non-executive directors. During the year under review, directors serving on the committee included Pieter Uys (chairman, appointed 27 May 2016), Jannie Durand (appointed 30 May 2012, resigned 27 May 2016), Mike Hankinson (appointed May 2010) and Nkululeko Sowazi (appointed 25 November 2014). More details of these directors are given on pages 50 to 54.

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.

Committee members meet at scheduled meetings three times a year and unscheduled meetings when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2016.

Attendance of committee members at the meetings of the committee during the year is listed on page 55 of this integrated annual report.

Fees paid to the committee members are reflected on page 67 in the remuneration report and the proposed fees for 2017 are detailed on page 96.

The group CEO attends committee meetings by invitation. Invited attendees are excluded from voting at committee meetings and the group CEO is excluded from discussions related to his remuneration.

Key activities

In terms of its mandate, matters included in the remuneration committee's annual work plan in 2016 included:

- monitoring the company's remuneration policy and advising the board on the remuneration of non-executive and executive directors;
- reviewing the performance of the chairmen of the board and the board committees;
- evaluating and recommending fees for non-executive directors based on industry benchmarks;
- reviewing and approving the criteria against which executive directors are evaluated;
- reviewing the performance of executive directors against predetermined financial and operational targets;
- reviewing and approving the remuneration packages and incentives, including annual bonuses, for executive directors;
- approving the overall divisional allocations for senior-management bonuses;
- approving annual remuneration increases for employees outside the bargaining unit;
- reviewing the performance of the primary pension and provident funds;
- legislative and regulatory compliance within the scope of its mandate;
- reviewing of the remuneration report for inclusion in the 2016 integrated annual report; and
- approving the annual work plan for 2017.

REPORT OF THE **REMUNERATION COMMITTEE** continued

Remuneration structure

Executives, prescribed officers and key managers receive remuneration comprising a guaranteed total cost of employment (TCOE) and a variable portion which incorporates short- and long-term incentive bonus schemes.

Executives' guaranteed remuneration considers the complexity of the role of each executive, their level of experience and their contribution to the group's overall performance. Increases in guaranteed remuneration are awarded based on performance and updated responsibilities.

Executive remuneration is benchmarked with the "TASK" grading methodology in consultation with independent compensation consultants, to grade the level of responsibility with consideration to factors that include sales volumes, profits, number of employees, assets managed and salary/wage account.

The incentive bonus schemes reward an individual's contribution to company performance to align the focus of executives with the expectations of stakeholders and promote executive retention through share ownership. These incentives, namely the FSP and the share option scheme, reflected on ▶pages 69 to 73, include schemes that provide for awarding a total of 3 572 656 shares as incentives.

Executive remuneration is annually reviewed and approved by the committee, against each individual's level of experience, responsibilities and performance, the scarcity of the person's knowledge and skills and the premium placed on such a resource in the market place. 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.

Non-executive director fees are reviewed annually by the committee and proposed fees, aligned with the remuneration levels of comparable listed companies, are referred to the board for approval at the annual general meeting. Non-executive directors are excluded from participation in the Grindrod incentive bonus plan and share option schemes.

Performance evaluation

During the year, the committee considered the performance of the CEO, the group financial director, other executive directors, non-executive directors and board committees in determining their respective remunerations. The primary performance indicators are set out on ▶page 69.

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 incentive schemes included on ▶pages 67 to 73, it recommended the inclusion of its report in the integrated annual report of Grindrod for the year ended 31 December 2016 to the board.

On behalf of the remuneration committee

Pieter Uys
Chairman

28 February 2017

Emoluments paid to directors and prescribed officers

The tables below provide an analysis of the emoluments, split between local and offshore remuneration package approvals, paid to executive and non-executive directors and prescribed officers of the company in relation to the 2016 and 2015 financial years.

Local	Directors' fees R000	Committee fees R000	Basic remune-ration R000	Retirement medical and other benefits R000	Total package R000	Bonus[1] R000	2016 Total R000	% increase from 2015 excluding bonus[9]
Executive directors								
AK Olivier	–	–	6 539	1 778	8 317	1 087	9 404	7.63
B Ntuli	–	–	3 718	486	4 203	721	4 924	7.76
DA Polkinghorne	–	–	3 229	644	3 873	2 033	5 906	6.40
AG Waller	–	–	3 824	695	4 519	729	5 248	6.69
Sub-total	–	–	17 310	3 603	20 912	4 570	25 483	
Non-executive directors								
H Adams	266	79	–	–	345	–	345	
JJ Durand[2, 3]	107	74	–	–	181	–	181	
MR Faku[4]	266	16	–	–	282	–	282	
T Nyoka (Fubu)[5]	118	60	–	–	178	–	178	
WD Geach	356	205	–	–	561	–	561	
GG Gelink	266	213	–	–	479	–	479	
MJ Hankinson	827	362	–	–	1 189	–	1 189	
ZN Malinga[6]	46	–	–	–	46	–	46	
RSM Ndlovu[7]	61	186	–	–	247	–	247	
NL Sowazi	266	209	–	–	475	–	475	
PJ Uys[2]	247	246	–	–	493	–	493	
SDM Zungu	266	–	–	–	266	–	266	
Sub-total	3 092	1 650	–	–	4 742	–	4 742	
Total emoluments local	3 092	1 650	17 310	3 603	25 651	4 570	30 222	

Offshore	Currency	Directors' fees 000	Committee fees 000	Basic remune-ration 000	Retirement medical and other benefits 000	Total package 000	Bonus[1] 000	2016 Total 000	% increase from 2015 excluding bonus[10]
Executive director									
MR Wade	SGD	–	–	768	133	901	100	1 001	0.64
Non-executive director									
AC Brahde[8]	GBP	11	–	–	–	11	–	11	

1 Bonus payment in respect of services rendered in 2016 accrued as at year-end, as detailed on page 69.
2 *Fees ceded to Remgro.*
3 *Resigned as non-executive director on 27 May 2016 and was replaced by PJ Uys.*
4 *Resigned as member on the Social and Ethics Committee on 22 February 2016.*
5 *Includes fees paid by Grindrod Bank Limited. Resigned as director on the Boards of Grindrod Bank Limited on 7 April 2016 and Grindrod Limited on 16 May 2016.*
6 *Appointed as independent non-executive director 24 October 2016.*
7 *Appointed as independent non-executive director 27 May 2016.*
8 *Resigned as independent non-executive director 27 May 2016.*
9 *Increases are based on performance and responsibilities and include role complexity, level of experience and contribution to group performance. Remuneration is benchmarked by independent consultants. Average increase from March 2016 to February 2017 is 6%. Deviation from the 6% is due to two months of remuneration at prior year increase levels. Annual increases are effective 1 March 2016, affecting 10 months of the financial year.*
10 *The 0.64% increase from 2015 to 2016 is due to timing as more fully set out in note 9 above.*

REPORT OF THE REMUNERATION COMMITTEE continued

Emoluments paid to directors and prescribed officers continued

Local	Directors' fees R000	Committee fees R000	Basic remune-ration R000	Retirement medical and other benefits R000	Total package R000	Bonus[6] R000	2015 Total R000	% increase excluding bonus
Executive directors								
AK Olivier	–	–	6 066	1 662	7 728	1 736	9 464	5
B Ntuli[1]	–	–	3 430	470	3 900	880	4 780	27
DA Polkinghorne	–	–	3 035	605	3 640	1 987	5 627	7
AG Waller	–	–	3 588	647	4 235	946	5 181	10
Sub-total	–	–	16 119	3 384	19 503	5 549	25 052	
Prescribed officers								
WP Hartmann[2]	–	–	633	84	717	–	717	
Sub-total	–	–	633	84	717	–	717	
Non-executive directors								
H Adams	249	45	–	–	294	–	294	
JJ Durand[3]	249	130	–	–	379	–	379	
MR Faku	249	93	–	–	342	–	342	
WD Geach[4]	333	189	–	–	522	–	522	
GG Gelink	249	200	–	–	449	–	449	
MJ Hankinson	776	231	–	–	1 007	–	1 007	
T Nyoka[4]	285	139	–	–	424	–	424	
NL Sowazi	249	137	–	–	386	–	386	
PJ Uys[3,5]	–	69	–	–	69	–	69	
SDM Zungu	249	–	–	–	249	–	249	
Sub-total	2 888	1 233	–	–	4 121	–	4 121	
Total emoluments local	2 888	1 233	16 752	3 468	24 341	5 549	29 890	

Offshore	Currency	Directors' fees 000	Committee fees 000	Basic remune-ration 000	Retirement medical and other benefits 000	Total package 000	Bonus[6] 000	2015 Total 000	% increase excluding bonus
Executive director									
MR Wade	SGD	–	–	763	132	895	–	895	4
Non-executive director									
AC Brahde	GBP	21	–	–	–	21	–	21	

[1] *Increase on appointment as executive director which occurred on 20 August 2015. Remuneration restated to correct foreign exchange difference.*
[2] *Resigned on 28 February 2015. Includes benefits totalling R182 118 paid on resignation.*
[3] *Fees ceded to Remgro.*
[4] *Includes fees paid by Grindrod Bank Limited.*
[5] *Alternate to JJ Durand.*
[6] *Bonus payment in respect of services rendered in 2015 accrued as at year-end.*

Incentive schemes

Short-term incentive

Performance bonuses are based on the achievement of stretch profit targets, specified strategic and non-specified value-added objectives approved by the remuneration committee annually. The short-term incentives for executives are capped at 100 per cent of TCOE.

KPIs are grouped according to the following three elements:

- The stretch profit element which is based on both targeted divisional and group profits. Factors including market conditions, return on equity and financial performance have been considered in determining such targets.
- The specific strategic element, aimed at ensuring attainment of key initiatives from the three year strategic plan, which is directly aligned to the delivery of shareholder value.
- Non-specified value-added component, comprising objectives that include transformation, SHERQ, operational and commercial imperatives that add both long and short-term value to the group.

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

	Bonus cap (% of annual salary)	**2016 Performance average achievement (%)**
Stretch-profit targets	50	**5.0**
Specified strategic actions	30	**15.2**
Non specified value added	20	**2.0**
Total	100	**22.2**

The bonus payments related to performances as assessed and approved by the committee are:

	Payout as a percentage of TCOE	
	2016[1]	2015
AK Olivier	**13**	22
B Ntuli	**17**	22
DA Polkinghorne	**52**	54
MR Wade[2]	**13**	–
AG Waller	**16**	22
Average	**22**	24

[1] *The remuneration committee exercised its discretion and determined the extent to which the executives met the portion of the non-specified value added element within their performance criteria, notwithstanding achievement of some key value added strategic actions, as a result of the group's loss.*

[2] *No incentive rewarded in 2015 due to the significant Shipping division loss, notwithstanding the achievement of certain specific strategic actions and operational imperatives.*

Key managers within all divisions receive bonuses based on a structure similar to that for executives. Performance is measured against pre-agreed key objectives and financial results. All bonuses are reviewed by the CEO and bonus information is tabled for approval by the remuneration committee.

Long-term incentives

Grindrod Limited and Grindrod Bank's primary performance incentive, the share-price-linked option schemes, aim to reward and retain executives and key managers.

Vesting of awards in the Grindrod Limited share-price-linked option scheme is subject to:

- the participant's achievement of performance criteria;
- appreciation of the Grindrod Limited share price, measured against increased shareholder value over the vesting period; and
- the total award at a divisional level in any period being limited to between 6 and 10 per cent of the division's attributable profits.

As a result of the cyclical nature of shipping and commodity markets shareholders approved a pure retention incentive, the Grindrod Limited forfeitable share plan, used in periods of market distress when share price appreciation is unlikely. The incentive, which is capped at 6 million shares (0.8% of share capital), is designed to be a small but critical part of the long-term incentives and is utilised in limited circumstances to retain key management. The board has, since the inception of this forfeitable share plan and during the current extended poor commodity and shipping market, awarded a total of 3 172 656 shares in order to retain key management within the Group.

Grindrod Limited share-price-linked option scheme

The share-price-linked option scheme was introduced in 2007 as a retention incentive for executives and key managers. During the annual staff-appraisal period, key strategic managers are nominated for participation in the scheme based on their performance and contribution to the success of the divisional business plan in that year. The merit of each nomination is debated at meetings between divisional executives and the CEO and qualifying candidates are nominated to the remuneration committee for its review and subsequent approval by the board.

The options, which are linked to the Grindrod ordinary share price, are settled in cash and therefore not classified as equity-settled in terms of the JSE Listings Requirements. Vesting is effected in three one-third tranches on the third, fourth and fifth anniversaries of the grant date and do not have an expiry date beyond the vesting date. The cash settlement, paid net of tax, is based on the difference between the grant and settlement prices, being the weighted average of the closing price for the seven trading days preceding the vesting date.

Vesting settlements may not exceed 10 per cent of the net after-tax profit of a division. No settlement is paid if the share price does not rise between grant and vesting dates, if an employee resigns, is dismissed, has interrupted service or has rendered unsatisfactory performance as determined by the remuneration committee or group chief executive officer.

No bonus payments were made on options which vested in 2016. The cost of scheme settlements is hedged against 8 833 128 treasury shares (not allocated to the forfeitable share plan) (2015: 8 981 034), purchased at a weighted average price of R17.31 (2015: R17.01). No shares were bought back during 2016.

REPORT OF THE **REMUNERATION COMMITTEE** continued

Long-term incentives continued

Share option gains and cash-settled share-price-linked option payments for 2016 are detailed below:

	Share-price-linked option payment 2016 R000	Share-price-linked option payment 2015 R000
Executive directors/prescribed officers		
AK Olivier	–	2 043
B Ntuli	–	278
DA Polkinghorne	–	75
MR Wade	–	852
AG Waller	–	354
Total	–	3 602

A summary of options granted to executives and senior management, still to vest as at 31 December 2016, is as follows:

Date option granted	Number of options granted	Price R	Cancellations	Forfeited	Vesting on retirement/ transfer	Vested	Net total
2012	4 863 000	14.72	(720 000)	(1 975 000)	(176 000)	(1 374 667)	617 333
2013	5 639 000	16.68	(956 667)		(750 000)	(1 330 333)	2 602 000
2014	2 427 000	26.97	(274 000)	(961 000)	(39 000)		1 153 000
2015	4 111 000	18.97	(151 000)				3 960 000
2016	**6 911 000**	**9.22**	**(228 000)**				**6 683 000**
	23 951 000		**(2 329 667)**	**(2 936 000)**	**(965 000)**	**(2 705 000)**	**15 015 333**

The detail of awards granted to executives as at 31 December 2016 are as follows:

Director	**Options at 1 January 2016**	Options granted during the year	Options vested during the year	Vesting price R	**Options at 31 December 2016**	Option price R	Vesting dates
AK Olivier	**2 353 400**		227 700	9.22		13.95	February 2016
			68 300	9.22		14.72	February 2016
					68 400	14.72	February 2017
			345 700	9.22		16.68	February 2016
					345 700	16.68	February 2017
					345 600	16.68	February 2018
					63 000	26.97	February 2017
					63 000	26.97	February 2018
					63 000	26.97	February 2019
					254 300	18.97	February 2018
					254 300	18.97	February 2019
					254 400	18.97	February 2020
		1 401 000			**467 000**	9.22	February 2019
					467 000	9.22	February 2020
					467 000	9.22	February 2021

Director	Options at 1 January 2016	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2016	Option price R	Vesting dates
B Ntuli	635 000		25 000	9.22		16.33	February 2015
			14 000	9.22		14.72	February 2016
					14 000	14.72	February 2017
			111 300	9.22		16.68	February 2016
					111 300	16.68	February 2017
					111 400	16.68	February 2018
					82 667	18.97	February 2018
					82 667	18.97	February 2019
					82 666	18.97	February 2020
		326 000			108 667	9.22	February 2019
					108 667	9.22	February 2020
					108 666	9.22	February 2021
DA Polkinghorne	372 666		36 333	9.22		16.33	February 2016
			11 667	9.22		14.72	February 2016
					11 666	14.72	February 2017
			54 334	9.22		16.68	February 2016
					54 333	16.68	February 2017
					54 333	16.68	February 2018
					12 667	26.97	February 2017
					12 667	26.97	February 2018
					12 666	26.97	February 2019
					37 300	18.97	February 2018
					37 300	18.97	February 2019
					37 400	18.97	February 2020
		252 000			84 000	9.22	February 2019
					84 000	9.22	February 2020
					84 000	9.22	February 2021
MR Wade	543 300		70 300	9.22		16.33	February 2016
			50 000	9.22		16.68	February 2016
					50 000	16.68	February 2017
					50 000	16.68	February 2018
					107 667	18.97	February 2018
					107 667	18.97	February 2019
					107 666	18.97	February 2020
		432 000			144 000	9.22	February 2019
					144 000	9.22	February 2020
					144 000	9.22	February 2021
AG Waller	791 700		98 000	9.22		16.33	February 2016
			22 300	9.22		14.72	February 2016
					22 400	14.72	February 2017
			137 000	9.22		16.68	February 2016
					137 000	16.68	February 2017
					137 000	16.68	February 2018
					79 334	18.97	February 2018
					79 333	18.97	February 2019
					79 333	18.97	February 2020
		587 000			195 667	9.22	February 2019
					195 667	9.22	February 2020
					195 666	9.22	February 2021
	4 696 066	2 998 000	1 271 934		6 422 132		

REPORT OF THE REMUNERATION COMMITTEE continued

Grindrod Bank share-price-linked option scheme

The Grindrod Bank share-price-linked option scheme was introduced in 2009 for Grindrod Bank executives and key employees. The scheme operates according to the same performance requirements as the Grindrod Limited share-price-linked option scheme detailed on the preceding pages, except that the share-price element is calculated as the greater of the net asset value of Grindrod Bank or an agreed price-earnings value, that payments are limited to six per cent of the division's attributable profit and that vesting dates are the dates of Grindrod Bank remuneration committee meetings.

A summary of options granted to executives and senior management of Grindrod Bank, still to vest as at 31 December 2016, is as follows:

Date option granted	Number of options granted	Price R	Lapse	Vested	Net total
2012	2 172 000	6.86	(30 000)	(1 433 000)	709 000
2013	1 553 000	7.55	(22 000)	(510 333)	1 020 667
2014	2 207 000	9.88	(31 000)		2 176 000
2015	1 309 000	13.04	(92 000)		1 217 000
2016	**945 000**	**15.60**			**945 000**
	8 186 000		**(175 000)**	**(1 943 333)**	**6 067 667**

Bonus payments totalling R7 812 875 were made on Grindrod Bank options vesting in 2016.

The detail of awards granted to an executive as at 31 December 2016 is as follows:

Director	**Options at 1 January 2016**	Options granted during the year	Options vested during the year	Vesting price R	**Options at 31 December 2016**	Option price R	Vesting dates
DA Polkinghorne	**853 001**		93 334	15.60		6.04	February 2015
			78 333	15.60		6.86	February 2016
					78 334	6.86	February 2017
			56 000	15.60		7.55	February 2016
					56 000	7.55	February 2017
					56 000	7.55	February 2018
					98 000	9.88	February 2017
					98 000	9.88	February 2018
					98 000	9.88	February 2019
					47 000	13.04	February 2018
					47 000	13.04	February 2019
					47 000	13.04	February 2020
		138 000			**46 000**	15.60	February 2019
					46 000	15.60	February 2020
					46 000	15.60	February 2021
	853 001	138 000	227 667		**763 334**		

Grindrod Limited forfeitable share plan

The forfeitable share plan was introduced and approved by shareholders in 2012 to support the recruitment and long-term retention of executives and key managers during times that the Grindrod ordinary share price is stagnant or decreasing as a result of circumstances over which the company and participants have no control. As such, vesting is not subject to profit targets, but participants must remain in their positions in the group for an award to vest.

Shares awarded vest in three equal tranches at the end of years three, four and five after the award date. Prior to vesting, participants receive dividends paid and may vote in respect of the shares awarded, but they cannot sell or encumber their allocation until delivery date. Unvested awards are forfeited on termination of employment, by the company or the participant.

In accordance with the shareholders' approval at the 2012 AGM, a maximum of 6 million ordinary shares may be awarded to executives and qualifying managers who meet strategic objectives in the business plan and the value granted at the awarded price is recognised in the income statement over the vesting period.

The following table summarises the movements in the forfeitable share plan 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	(1 204 630)	(495 370)	450 000
31 May 2012	2012	152 884	14.71	(101 922)		50 962
31 August 2013	2013	107 388	24.91		(53 694)	53 694
24 February 2014	2014	1 068 000	27.15	(22 847)	(253 153)	792 000
23 February 2015	2015	650 000	17.97			650 000
22 February 2016	2016	1 076 000	9.61			1 076 000
28 September 2016	2016	100 000	12.00			100 000
		5 304 272		**(1 329 399)**	**(802 217)**	**3 172 656**

The table below shows the executive participants in the scheme and the value granted in 2016.

Award date	**Opening balance 1 January 2016**	Number of forfeitable shares granted in 2016	Number of forfeitable shares vested	Total forfeitable shares
AK Olivier	**900 000**	263 000	(200 000)	963 000
B Ntuli	**300 000**	133 400		433 400
DA Polkinghorne	**200 000**	61 400	(50 000)	211 400
MR Wade	**350 000**	211 200	(100 000)	461 200
AG Waller	**500 000**	143 400	(100 000)	543 400
	2 250 000	**812 400**	**(450 000)**	**2 612 400**

Share option scheme

The share option scheme is closed, with only one participant remaining, being AK Olivier, who has 400 000 ordinary-share options (2015: 400 000) at a strike price of R12.51. These options have vested and expire on 23 November 2020.

Directors' interests in the company

At 31 December 2016, the directors held interests in the company as follows:

	2016			2015		
Ordinary shares	**Beneficial indirect**	**Beneficial direct**	**Non-beneficial indirect**	Beneficial indirect	Beneficial direct	Non-beneficial indirect
MJ Hankinson	**–**	**27 000**	**8 000**	–	27 000	8 000
AK Olivier	**–**	**2 434 250**	**–**	–	2 234 250	–
AG Waller	**–**	**207 858**	**–**	–	150 000	–
SDM Zungu	**–**	**4 228**	**–**	–	4 228	–
MR Wade	**–**	**200 000**	**–**	–	100 000	–
DA Polkinghorne	**–**	**78 929**	**–**	–	50 000	–
	–	**2 952 265**	**8 000**	–	2 565 478	8 000

Following 31 December 2016, vesting in terms of the forfeitable share plan increased the beneficial direct shareholdings with 83 333 shares for AK Olivier and with 50 000 shares for each of AG Waller, B Ntuli and MR Wade.

REPORT OF THE NOMINATION COMMITTEE

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.

The committee functions within formally approved terms of reference, reviewed on an annual basis and operates according to an approved, detailed annual work plan.

Composition and committee meetings

The committee comprises three independent non-executive directors. During the year under review, directors serving on the committee included Mike Hankinson (chairperson, appointed on 25 November 2014), Jannie Durand (appointed on 25 November 2014, resigned 27 May 2016), Nkululeko Sowazi (appointed on 25 November 2014) and Pieter Uys (appointed on 27 May 2016). More details of these directors are given on pages 50 to 54.

The committee's terms of reference make provision for scheduled meetings three times a year and unscheduled meetings when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2016.

Attendance of committee members at the meetings of the committee in the year is listed on page 55 of this integrated annual report.

Fees paid to the committee members are reflected on page 67 in the remuneration report and the proposed fees for 2017 are detailed on page 96.

Key activities

In terms of its mandate, matters included in the nomination committee's annual work plan in 2016 included:

- reviewing the performance evaluations of the chairman of the board and the board sub-committees and board members;
- reviewing the composition of the board and the board sub-committees;
- recommending the appointment to the board of the newly appointed directors in line with the gender diversity policy;
- reviewing the induction programme for newly appointed non-executive directors;
- monitoring the professional development programme for appointed directors;
- monitoring directors' briefings on changes in risks, laws and the environment in which the company operates;
- reviewing the independence of non-executive directors based on the nine indicators included in King IV and tenure in excess of nine years;
- reviewing in detail the performance of directors retiring by rotation to support the recommendation for their re-election by shareholders;
- monitoring succession planning for members of the board, the CEO, members of the executive committee and senior management;
- reviewing the insurance cover in place for directors and officers;
- reviewing the nomination committee report for inclusion in the 2016 integrated annual report; and
- approving its annual work plan for 2017.

Board appointments

During 2016 the committee considered the gender diversity policy and gave individual consideration to the appointment of Gerhard Kotze, Zola Malinga and Raymond Ndlovu as non-executive directors. On the basis of detailed reviews of their competencies and experience, and being mindful of the importance of diversity of the board in line with the approved gender diversity policy, the committee recommended their appointment to the board, which recommendations were unanimously supported by the board.

The committee also gave consideration to the appointment of chairpersons to the audit and social and ethics committees. Having given due consideration to skills and experience requirements in conjunction with succession planning, the committee recommended the re-appointment of Grant Gelink as chairperson and Walter Geach and Raymond Ndlovu as members of the audit committee and recommended the appointment of Raymond Ndlovu as chairperson of the social and ethics committee, which were unanimously supported by the board.

On behalf of the nomination committee

Mike Hankinson
Chairman

28 February 2017

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The social and ethics committee is a formal statutory committee of the board that assists 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.

The committee functions within formally approved terms of reference, reviewed on an annual basis and operates according to an approved, detailed annual work plan.

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 prevailing codes of best practice

The committee monitors and reviews the company's standing and promotion of good corporate citizenship, which includes ensuring that:

- stakeholder engagement is constructive, interactive and in support of business objectives;
- employee health and workplace safety are pro-actively managed to achieve workforce well-being;
- the impacts of the company's operations on the environment are managed to minimise and mitigate negative outcomes;
- human capital is managed to improve people's ability to achieve their objectives;
- transformation and B-BBEE objectives are met in a constructive manner to establish a culture that reflects and supports all facets of the environments within which the businesses operate;
- businesses comply with relevant laws and regulations; and
- principles of sound corporate governance are adhered to. These include adherence to Grindrod values, upholding human rights, working within an ethical framework, discharging its responsibilities towards communities in which it operates and reporting business, operational and other outcomes in a sustainable manner.

The committee is supported by the CEO and executives and 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.

Composition and committee meetings

The committee consists of three members, two of whom are independent non-executive directors and one executive director. During the year under review, members serving on the committee included Mkhuseli Faku (appointed 16 November 2011, resigned 22 February 2016), Mike Hankinson (appointed 28 February 2012), Raymond Ndlovu (appointed 27 May 2016), Bongiwe Ntuli (appointed 19 February 2013, resigned 22 November 2016) and Andrew Waller (appointed 16 November 2011).

Following the resignation of Mkhuseli Faku on 22 February 2016, the committee resolved that Mike Hankinson assume the role of acting chairperson, which role he fulfilled for the meetings held in February and August 2016. Following his appointment to the committee in August 2016, Raymond Ndlovu assumed the role of chairperson at the committee meeting held on 22 November 2016. More details of these members are given on ▶ pages 50 to 54.

The group company secretary serves as secretary to the committee.

Committee members meet at scheduled meetings three times a year and unscheduled meetings when the committee is required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2016.

Attendance of committee members at the meetings of the committee during the year is listed on ▶ page 55 of this integrated annual report.

Fees paid to the committee members are reflected on ▶ page 67 in the remuneration report and the proposed fees for 2017 are detailed on ▶ page 96.

Key activities

In terms of its mandate, matters included in the social and ethics committee's annual work plan in 2016 included:

- monitoring and reviewing the company's sustainability performance in line with the Grindrod sustainability pillars, the UN Global Compact Ten Principles and applicable risk-identification and mitigation measures;
- reviewing the UN SDGs and adopting specific goals as part of Grindrod's sustainability strategy;
- monitoring and reviewing of the company's human capital management strategies and performance, including HR strategies, systems and policy, and employee relations, skills development and retention, performance management and the company's status in terms of safety and health and employee wellness;
- monitoring and reviewing of the company's action plans to set and achieve transformation objectives and B-BBEE strategies and performance including the Grindrod B-BBEE scorecard;
- reviewing performance in the areas of corporate social investment and socio-economic development;
- legal compliance and good corporate governance, including ethics;
- an integrated approach to stakeholder engagement;
- reviewing the role ascribed to the social and ethics committee as outlined in King IV;
- evaluation of the performance of the social and ethics committee;
- reviewing the committee's report for inclusion in the 2016 integrated annual report; and
- approving its annual work plan for 2017.

On behalf of the social and ethics committee

Raymond Ndlovu
Chairman

1 March 2017

REPORT OF THE AUDIT COMMITTEE

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, reviewed and approved annually.

The review of the terms of reference to incorporate the recommendations of King IV was completed at the committee meeting held in February 2017.

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.

The committee is also, subject to board approval when applicable, 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 to 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.

In 2016, the committee approved the company's tax policy and amplified its terms of reference to include corporate tax policy and payment oversight.

Composition and committee meetings

The committee composition adheres to the requirements of the Companies Act of South Africa, the JSE Listings Requirements and both King III and IV. The chairman of the board may not serve as the chairman or as a member of 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 Grant Gelink (re-appointed 27 May 2016 and appointed as chairperson 26 November 2014), Walter Geach (re-appointed 27 May 2016), Tantaswa Nyoka (appointed 27 November 2014, resigned 10 May 2016) and Raymond Ndlovu (appointed 27 May 2016). More details of these directors are given on pages 50 to 54.

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 twice a year and at unscheduled meetings when required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2016.

Attendance of committee members at the meetings of the committee during the year is listed on page 55 of this integrated annual report.

Fees paid to the committee members are reflected on page 67 in the remuneration report and the proposed fees for 2017 are detailed on page 96.

Key activities

In terms of its mandate, matters included in the audit committee's annual work plan in 2016 included:

- evaluation of the independence, effectiveness and performance of the internal audit manager;
- reviewing and approving the internal audit charter, annual work plan and internal audit fees;
- assessing the suitability, expertise and experience of the group financial director and the expertise, experience and resources of the company's finance function;
- reviewing the combined assurance model and the effectiveness of the process for identifying, assessing and reporting on significant internal financial-control and fraud risks as related to financial reporting;
- reviewing the group IT governance report and IT risks, and evaluation of audit assessments of IT-related controls performed by the internal and external auditors together with the appropriateness of actions taken by management to address key issues identified;
- nominating the independent external auditor and designated audit partner and the approval of their terms of engagement and fees for audit and non-audit services;
- reviewing the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit report;
- reviewing the internal auditors' limited assurance report;
- legislative and regulatory compliance within the scope of its mandate;
- reviewing the company's tax policy and implementation;
- reviewing and recommending to the board publicly disclosed financial information, including the interim results for the six months ended 30 June 2016;
- reviewing the annual financial statements and results for the year ended 31 December 2016 and the 2016 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the board of directors;
- reviewing and confirming the going concern status;
- evaluating of the performance of the audit committee; and
- approving its annual work plan for 2017.

The functions of the committee are also performed for the subsidiaries within each division of Grindrod Limited as represented in the Segmental Analysis. The external auditor was nominated for each material subsidiary company for re-appointment.

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

External audit

Deloitte & Touche served as the company's registered external auditors for the 2016 financial year. The terms of engagement, independence, expertise, audit quality, objectivity and the appropriateness of rotation of key partners in Deloitte & Touche as the external auditor were appraised by the audit committee, which includes an annual evaluation. The committee meets with the external auditors twice a year. The external auditors have unrestricted access to the chairman of the committee and have met formally twice during the year.

In assessing the auditor's independence, the committee considered guidance contained in both King III and IV as well as the recent IRBA publications and the related commentary thereon. Deloitte & Touche have been auditors of the Grindrod group for thirteen years and have demonstrated an institutional knowledge, deep expertise and experience of the group in all the related countries in which the group operates. The committee is satisfied that in discharging its duties in terms of its mandate, together with the robust internal Deloitte independence processes, which include:
- periodic internal quality reviews as well as those conducted by IRBA,
- the rotation of the group audit partner and key component audit partners at least every five years, and
- independence audits on all partners,

that Deloitte & Touche's independence is maintained and has not been impacted by tenure. The committee is satisfied that adequate steps have been taken by Deloitte & Touche and management to ensure that the transition to the incoming group audit partner will be effective and efficient.

The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the company. External audit fees approved for the 2016 financial year to Deloitte & Touche amounted to R19 million; US$205 000; SGPD904 000 and P608 000. The approved audit fee accounts for 38 audit partners in 33 countries in order to perform the 200 + global statutory audits. The total non-audit services for the 2016 financial year performed by and paid to Deloitte & Touche amounted to R3 million, of which a substantial portion was in support of external audit discharging their responsibilities. In addition the committee has satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

Significant areas of judgement

Many areas within the financial statements require judgement, which are set out in note 1 to the annual financial statements. The committee has considered the quantum of the assets and liabilities on the statement of financial position and other items that require significant judgement and the following are highlighted:
- valuation of goodwill;
- valuation of investments in joint ventures;
- valuation of ships and bunker barges; and
- classification and measurement of non-current assets held for sale.

Goodwill and other indeterminate useful life intangible assets are assessed annually for impairment. The key assumptions used are cash flow projections, growth rates and discount rates applied.

The committee was in agreement with the impairment of the goodwill and intangible assets and that the carrying value of the goodwill is fairly stated. Please refer to notes 1 and 3 to the annual financial statements for further detail.

Annual impairment tests are conducted to assess the recoverability of the carrying value of the various investments in joint ventures, using discounted cash flow models and include a number of key assumptions, such as revenue growth, operating margins, exchange rate fluctuations and the discount rates applied to the projected future cash flows. The committee considered the impairment test conducted, and is in agreement with the impairment of certain investments in joint ventures and that the carrying value of the investments in joint ventures is fairly stated.

Annual impairment tests are conducted to assess the valuation of ships and bunker barges using a value-in-use model as well as comparisons to traded market values. A number of key assumptions are considered, including charter-in and freight market rates, operating margins, residual value of the ships and discount rates applied to the projected future cash flows. The committee considered the impairment test conducted, and is in agreement with the impairment of ships and bunker barges and that the carrying value of ships and bunker barges is fully stated.

Once a sales plan relating to loss of control of a subsidiary has been committed to, all of the assets and liabilities of such subsidiary are classified as held-for-sale in terms of IFRS 5. As a result of the magnitude of the amount classified as held-for-sale and key judgements made in determining the classification of disposal groups held for sale as well as the measurement thereof, this is considered to be a key audit matter.

The committee agreed with the fair value less costs to sell and assessed any key adjustments to net book value of the disposal groups based on the requirements of IFRS 5 subsequent measurement. Please refer to notes 18 to the annual financial statements.

Annual report

Annual financial statements

Following the committee's review of the annual financial statements for the year ended 31 December 2016, 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 IASB, and fairly present the results of operations, cash flows and the financial position of Grindrod. On this basis, the committee recommended that the board of directors approve the annual financial statements of Grindrod for the year ended 31 December 2016.

Integrated annual report

The committee reviewed this report, taking cognisance of material factors and risks that may impact the integrity thereof and recommended that the board of directors approve the integrated annual report of Grindrod for the year ended 31 December 2016.

On behalf of the audit committee

Grant Gelink
Chairman
28 February 2017

APPROVAL OF THE SUMMARISED CONSOLIDATED **FINANCIAL STATEMENTS**

for the year ended 31 December 2016

The preparation of the summarised consolidated financial statements that fairly represent the results of the group in accordance with the Companies Act of South Africa IFRS 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 2016. Based on the financial results of Grindrod and the cash flow forecast for the year ended 31 December 2017, 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 1 March 2017, 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 82 to 93, are therefore signed on its behalf by:

MJ Hankinson
Chairman

Durban

1 March 2017

AK Olivier
Chief executive officer

Durban

1 March 2017

COMPLIANCE STATEMENT BY THE **GROUP COMPANY SECRETARY**

for the year ended 31 December 2016

The group company secretary of Grindrod Limited certifies that, in terms of section 88(2) of the Companies Act No.71 of 2008, as amended, the company has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act and that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2016.

Mrs CI Lewis
Group company secretary

Durban

1 March 2017

PREPARATION OF THE SUMMARISED **CONSOLIDATED FINANCIAL STATEMENTS**

Basis of preparation

The audited summarised consolidated financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and 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 as a minimum, contains the information required by IAS 34: Interim Financial Reporting and comply with the Companies Act of South Africa, 2008.

The full consolidated annual financial statements from which these summarised consolidated financial statements were derived are electronically available on the group's website www.grindrod.com.

These summarised consolidated financial statements, which appear on ▶pages 82 to 93 have been prepared under the supervision of AG Waller, CA (SA) and were approved by the board of directors on 1 March 2017.

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 accordance with IFRS and are consistent with those of the audited consolidated annual financial statements for the year ended 31 December 2015 except for the below:

Audit opinion

These summarised consolidated financial statements for the year ended 31 December 2016 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the full consolidated financial statements for the year ended 31 December 2016, from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements is on ▶page 81 and a copy of the auditor's report on the full consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

Deloitte & Touche has not audited future financial performance and expectations expressed by management included in the commentary in the summarised consolidated financial statements and accordingly do not express an opinion thereon. The auditor's report does not necessarily report on all of the information contained in the summarised consolidated financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Post balance sheet events

There are no material post balance sheet events to report.

AG Waller CA(SA)
Group financial director

01 March 2017

LIMITED ASSURANCE **REPORT**

Limited assurance report of internal audit on the sustainability performance indicator disclosures as presented in the Grindrod integrated annual report for the year ended 31 December 2016 (the Report).

Scope of our work

We have performed limited assurance on selected sustainability indicators presented in the Report.

The selected sustainability performance indicators are as follows:

- LTIFR;
- Petrol consumption (ML);
- Diesel consumption (ML);
- Electricity consumption (MW); and
- Total direct and indirect GHG emissions – scope 1 and scope 2 (CO_2e tonnes).

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.

Internal audit responsibilities and approach

Our responsibility is to express our limited assurance conclusion on the above selected sustainability performance indicators for the year ended 31 December 2016 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance in a manner which requires that we plan and perform our audit to obtain limited assurance about whether the selected sustainability performance indicators are free from material misstatement.

Our audit approach was as follows:

- Interviewed management 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 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 control walkthroughs and inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria; and
- Undertook site visits.

Our independence and quality control

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.

Our conclusion

Based on the procedure 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 2016 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.

Grindrod Internal Audit

01 March 2017

INDEPENDENT AUDITOR'S REPORT ON THE **SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS**

To the shareholders of Grindrod Limited

Opinion

The summarised consolidated financial statements of Grindrod Limited, which comprise the summarised consolidated statement of financial position as at 31 December 2016, the summarised consolidated statements of 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 2016.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Grindrod Limited, in accordance with IAS 34: Interim Financial reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Grindrod Limited and the auditor's report thereon. The summarised financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The Audited Consolidated Financial Statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 1 March 2017. That report also includes:

- The communication of other key audit matters as reported in the auditor's report of the audited financial statements.
- A "Report on Other Legal and Regulatory Requirements" paragraph.

Directors' Responsibility for the Summarised Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte + Touche

Deloitte & Touche

Registered Auditors
Per: Craig Sagar
Partner

23 March 2017

2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia 4051
Docex 3
Durban

SUMMARISED CONSOLIDATED **STATEMENT OF FINANCIAL POSITION**

as at 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Ships, property, terminals, machinery, vehicles and equipment	**5 351 224**	7 632 489
Intangible assets	**1 060 807**	1 604 159
Investments in joint ventures	**3 947 765**	4 806 687
Investments in associates	**852 225**	922 350
Deferred taxation	**87 062**	205 705
Other investments and derivative financial assets	**1 948 728**	1 757 307
Total non-current assets	**13 247 811**	16 928 697
Loans and advances to bank customers	**5 854 734**	4 915 854
Liquid assets and short-term negotiable securities	**1 801 065**	1 065 730
Bank balances and cash	**9 478 073**	8 393 256
Other current assets	**4 245 485**	4 871 336
Non-current assets held for sale	**1 549 072**	281 892
Total assets	**36 176 240**	36 456 765
Shareholders' equity	**15 752 437**	19 146 165
Non-controlling interests	**48 919**	(6 274)
Total equity	**15 801 356**	19 139 891
Interest-bearing borrowings	**1 423 339**	2 061 818
Financial Services funding instruments	**803 489**	798 288
Deferred taxation	**261 817**	224 675
Other non-current liabilities	**121 446**	89 191
Non-current liabilities	**2 610 091**	3 173 972
Deposits from bank customers	**13 610 140**	9 979 739
Current interest-bearing borrowings	**909 037**	1 326 418
Financial Services funding instruments	**191 187**	173 005
Other liabilities	**1 831 320**	2 573 890
Non-current liabilities associated with assets held for sale	**1 223 109**	89 850
Total equity and liabilities	**36 176 240**	36 456 765
Net worth per ordinary share – at book value (cents)	**2 007**	2 450
Net debt:equity ratio	**0.02:1**	(0.00):1
Capital expenditure	**676 627**	913 042

	31 December 2016 R000	31 December 2016 US$000	31 December 2015 R000	31 December 2015 US$000
Capital commitments	**154 315**	**17 582**	122 723	41 845
Authorised by directors and contracted for	**131 278**	**–**	122 723	25 304
Due within one year	**131 278**	**–**	11 020	25 146
Due thereafter	**–**	**–**	111 703	158
Authorised by directors not yet contracted for	**23 037**	**17 582**	–	16 541

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.com.

SUMMARISED CONSOLIDATED **INCOME STATEMENT**

for the year ended 31 December 2016

		Audited 31 December 2016 R000	Audited 31 December 2015 R000
Revenue		**9 031 783**	10 192 369
Earnings before interest, taxation, depreciation and amortisation		**469 323**	1 098 900
Depreciation and amortisation		**(584 061)**	(675 482)
Operating (loss)/profit before interest and taxation		**(114 738)**	423 418
Non-trading items		**(1 419 242)**	(1 587 631)
Interest received		**348 528**	254 063
Interest paid		**(257 864)**	(220 731)
Loss before share of joint venture and associate companies' profit		**(1 443 316)**	(1 130 881)
Share of joint venture companies' loss after taxation		**(224 874)**	(120 097)
Share of associate companies' profit after taxation		**20 604**	72 660
Loss before taxation		**(1 647 586)**	(1 178 318)
Taxation		**(191 919)**	(190 255)
Net loss for the year		**(1 839 505)**	(1 368 573)
Attributable to:			
Ordinary shareholders		**(1 907 695)**	(1 426 473)
Preference shareholders		**67 970**	61 141
Owners of the parent		**(1 839 725)**	(1 365 332)
Non-controlling interest		**220**	(3 241)
		(1 839 505)	(1 368 573)
Exchange rates (ZAR/US$)			
Opening exchange rate		**15.60**	11.57
Closing exchange rate		**13.69**	15.60
Average exchange rate		**14.73**	12.78
EARNINGS PER SHARE INFORMATION:			
Reconciliation of headline (loss)/earnings			
(Loss) attributable to ordinary shareholders		**(1 907 695)**	(1 426 473)
Adjusted for:		**1 448 180**	1 985 296
Impairment of goodwill		**445 982**	–
Impairment of other investments		**806 619**	612 365
Impairment of ships, intangibles, vehicles and equipment		**271 483**	1 205 990
Net loss/(profit) on disposal of investments		**18 799**	(216 919)
Net profit on disposal of plant and equipment		**(3 380)**	(448)
Negative goodwill realised		**–**	(13 233)
Foreign currency translation reserve release		**(120 261)**	(124)
Joint ventures and associates:			
Foreign currency translation reserve release		**–**	2 447
Net profit on disposal of investments		**(216)**	–
Net profit on disposal of plant and equipment		**(253)**	(471)
Impairment of ships, intangibles, vehicles and equipment		**49 649**	382 428
(Reversal of impairment)/impairment of other investments		**(12 175)**	17 252
Total non-controlling interest effects of adjustments		**(2 962)**	(2 233)
Total taxation effects of adjustments		**(5 105)**	(1 758)
Headline (loss)/earnings		**(459 515)**	558 823
Ordinary share performance			
Number of shares in issue less treasury shares	(000s)	**750 548**	750 959
Weighted average number of shares (basic)	(000s)	**750 539**	751 452
Diluted weighted average number of shares	(000s)	**753 712**	754 146
Loss per share:	(cents)		
Basic		**(254.2)**	(189.8)
Diluted		**(254.2)***	(189.8)*
Headline (loss)/earnings per share:	(cents)		
Basic		**(61.2)**	74.4
Diluted		**(61.2)***	74.1
Dividends per share:	(cents)	**–**	19.6
Interim		**–**	13.6
Final		**–**	6.0
Dividend cover (headline)	(times)	**–**	3.8

* *Diluted loss per share and diluted headline loss per share were calculated on weighted average number of shares due to the anti-dilutive effect of the long-term incentive scheme shares.*

SUMMARISED CONSOLIDATED **STATEMENT OF OTHER COMPREHENSIVE INCOME**

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Loss for the year	**(1 839 505)**	(1 368 573)
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(1 387 904)**	3 396 262
Net movement in cash flow hedges	**54 636**	21 045
Business combination	**3 469**	(6 906)
Items that will not be reclassified subsequently to profit or loss		
Actuarial losses	**(2 184)**	(45)
Fair value (loss)/gain arising on available-for-sale instruments	**(2 420)**	1 493
Total comprehensive (loss)/income for the year	**(3 173 908)**	2 043 276
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(3 182 753)**	2 054 339
Non-controlling interest	**8 845**	(11 063)
	(3 173 908)	2 043 276

SUMMARISED CONSOLIDATED **STATEMENT OF CASH FLOWS**

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Operating profit before working capital changes	**425 960**	1 190 897
Working capital changes	**65 749**	221 723
Cash generated from operations	**491 709**	1 412 620
Net interest received/(paid)	**16 888**	(9 403)
Net dividends received/(paid)	**29 451**	(150 996)
Taxation paid	**(110 343)**	(188 251)
	427 705	1 063 970
Net deposits from customers and other short-term negotiables	**1 956 186**	1 485 349
Deposits – Retail Banking	**2 288 800**	1 253 006
Other	**(332 614)**	232 343
Net cash flows generated from operating activities before ship sales and purchases	**2 383 891**	2 549 319
Refund on ships under construction cancelled	**–**	319 838
Proceeds on disposal of ships	**180 843**	158 414
Capital expenditure on ships	**(368 145)**	(198 980)
Net cash flows generated from operating activities	**2 196 589**	2 828 591
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	**(339 257)**	(616 269)
Net proceeds from disposal of property, terminals, vehicles, equipment and investments	**266 482**	68 301
Net receipt from finance lease receivables	**11 160**	19 931
Intangible assets acquired	**(25 253)**	(26 035)
Proceeds from disposal of intangible assets	**602**	1 027
Funds advanced to joint ventures and associate companies	**(644 288)**	(264 028)
Acquisition of preference share investment	**(5 367)**	(14 650)
Acquisition of additional investments in subsidiaries, joint ventures and associates	**(44 240)**	(307 723)
Net cash flows utilised in investing activities	**(780 161)**	(1 139 446)
Net proceeds from issue of ordinary share capital	**–**	6 255
Acquisition of treasury shares	**(8 671)**	(25 710)
Proceeds from disposal of treasury shares	**914**	366
Long-term interest-bearing debt raised	**821 780**	499 225
Payment of capital portion of long-term interest-bearing debt	**(952 600)**	(1 459 032)
Short-term interest-bearing debt (repaid)/raised	**(132 726)**	51 443
Net cash flows utilised in financing activities	**(271 303)**	(927 453)
Net increase in cash and cash equivalents	**1 145 125**	761 692
Cash and cash equivalents at beginning of the year	**8 340 917**	7 188 626
Difference arising on translation	**(191 585)**	390 599
Cash and cash equivalents at end of the year	**9 294 457**	8 340 917

SUMMARISED CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Share capital and share premium	**5 971 719**	5 970 727
Balance at beginning of the year	**5 970 727**	5 982 924
Share options vested	**6 892**	6 892
Share issue	**–**	6 255
Treasury shares acquired	**(8 671)**	(25 710)
Treasury shares sold	**2 771**	366
Preference share capital	**2**	2
Balance at beginning of the year	**2**	2
Equity compensation reserve	**68 513**	63 643
Balance at beginning of the year	**63 643**	57 566
Share-based payments	**11 762**	12 969
Share options vested	**(6 892)**	(6 892)
Foreign currency translation reserve	**4 546 313**	6 063 103
Balance at beginning of the year	**6 063 103**	2 661 342
Foreign currency translation realised	**(120 261)**	(2 323)
Foreign currency translation adjustments	**(1 396 529)**	3 404 084
Other non-distributable statutory reserves	**(51 592)**	(126 302)
Balance at beginning of the year	**(126 302)**	(123 092)
Financial instrument hedge settlement	**53 873**	65 483
Foreign currency translation adjustments	**6 006**	(22 540)
Fair value adjustment on hedging reserve	**4 641**	(34 607)
Deferred tax effect on cash flow hedge	**(6 415)**	5 804
Net business combination acquisition	**16 605**	(17 350)
Accumulated profit	**5 217 482**	7 174 992
Balance at beginning of the year	**7 174 992**	8 853 554
Fair value gain arising on available-for-sale financial instruments	**(2 420)**	1 493
Actuarial losses recognised	**(2 184)**	(45)
Loss for the year	**(1 839 725)**	(1 365 332)
Ordinary dividends paid	**(45 211)**	(253 537)
Preference dividends paid	**(67 970)**	(61 141)
Total interest of shareholders of the company	**15 752 437**	19 146 165
Equity attributable to non-controlling interests of the company	**48 919**	(6 274)
Balance at beginning of the year	**(6 274)**	48 185
Foreign currency translation adjustments	**8 625**	(7 822)
Non-controlling interest disposed	**49 860**	(1 494)
Profit/(loss) for the year	**220**	(3 241)
Dividends paid	**(3 512)**	(41 902)
Total equity attributable to shareholders of the company	**15 801 356**	19 139 891

SEGMENTAL **ANALYSIS**

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Revenue		
Freight Services	**3 846 303**	5 059 813
Shipping	**20 585 634**	22 058 351
Financial Services	**492 216**	452 756
Group	**6 389**	424 499
	24 930 542	27 995 419
Segmental adjustments*	**(15 898 759)**	(17 803 050)
	9 031 783	10 192 369
Earnings/(loss) before interest, taxation, depreciation and amortisation		
Freight Services	**458 356**	837 685
Shipping	**(82 999)**	662 177
Financial Services	**303 213**	255 011
Group	**11 851**	(7 415)
	690 421	1 747 458
Segmental adjustments*	**(221 098)**	(648 558)
	469 323	1 098 900
Operating profit/(loss) before interest and taxation		
Freight Services	**89 891**	438 528
Shipping	**(559 619)**	169 473
Financial Services	**297 312**	250 318
Group	**11 675**	(12 159)
	(160 741)	846 160
Segmental adjustments*	**46 003**	(422 742)
	(114 738)	423 418
Share of associate companies' profit after taxation		
Freight Services	**20 604**	71 879
	20 604	71 879
Segmental adjustments*	**–**	781
	20 604	72 660
(Loss)/profit attributable to ordinary shareholders		
Freight Services	**(1 239 856)**	(108 994)
Shipping	**(928 411)**	(1 495 674)
Financial Services	**171 006**	164 662
Group	**89 566**	13 533
	(1 907 695)	(1 426 473)

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

SUMMARISED CONSOLIDATED **NOTES** continued

for the year ended 31 December 2016

Business combinations

Acquisition of subsidiaries

During the year, the group acquired the following interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2016	Purchase consideration R000
Nacala Intermodal Terminal Investments	Integrated Logistics	75	31 October	**46 726**
Total purchase consideration				**46 726**

Reasons for acquisition

The reason for the acquisition was to obtain a majority share in the existing container depot outside the Port of Nacala Mozambique which will serve as an anchor point for the Integrated Logistics supply chain in the Nacala corridor. The initial accounting for Nacala Intermodal Terminal Investments was provisionally determined at the end of the reporting period.

Impact of the acquisition on the results of the group

From the date of the acquisition, the acquired business contributed additional profit of R0.3 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	12 527
Intangibles	42 559
Working capital	648
Cash and bank	57
Non-controlling interest	(1 383)
Long-term liabilities	(7 682)
Total	46 726
Earnout	(13 690)
Total purchase consideration	33 036
Cash acquired	(57)
Net assets acquired	**32 979**

Disposal of subsidiaries and joint ventures

During the year, the group disposed of the following interests:

Company disposed	Nature of business	Percentage disposed	Interest disposed 2016	Disposal consideration R000
Grindrod Asset Management Holdings Proprietary Limited	Financial Services	100	12 December	**125 300**
CoreShares Holdings Proprietary Limited	Financial Services	100	12 October	**13 500**
Vanguard Rigging Proprietary Limited	Integrated Logistics	50	1 July	**53 383**
Vitol Coal South Africa BV	Terminals	35	31 July	**33 349**
Total disposal consideration				**225 532**

Reasons for disposals

During the period, Grindrod Asset Management Proprietary Limited was rebranded to Bridge Fund Managers and the business was sold to Infinitus in which Grindrod Limited, via its subsidiary GFS Holdings Proprietary Limited, holds an interest. The transaction is expected to provide the business with expanded growth opportunities under its new identity and shareholding structure.

The disposal of the coal trading, machine handling and rigging businesses was to rationalise operations to assist in the delivery of the group's long-term goals.

Net assets disposed	Fair value R000
Property, plant and equipment	**1 381**
Intangibles	**54 608**
Investments	**62 252**
Taxation	**(3 280)**
Working capital	**(20 548)**
Cash and bank	**40 272**
Business combination reserve	**16 605**
Deferred taxation	**6 741**
Total	**158 031**
Earnout	**(50 299)**
Profit on disposal	**–**
Cash disposed	**(40 272)**
Net assets disposed	**67 460**

Leases and ship charters

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Operating leases and ship charters		
Income*	**1 368 637**	1 345 991
Expenditure	**4 121 075**	5 303 916
Finance lease liabilities	**–**	–

* *Relates only to future committed income under non-cancellable operating leases and does not include revenue earned through the spot market.*

SUMMARISED CONSOLIDATED NOTES continued

for the year ended 31 December 2016

Fair value of financial instruments

as at 31 December 2016

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).

Level 2 and 3 fair values were determined by applying either a combination of, or one of the following, valuation techniques: market-related interest rate yield curves to discount expected future cash flows; projected unit method; market value; the net asset value of the underlying investments; and a price earnings multiple or a discounted projected income/present value approach.

The fair value measurement for income approach valuation is based on significant inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management reassess the earnings or yield multiples at least annually based on their assessment of the macro and micro economic environment.

	Audited 31 December 2016 R000 Level 1	**Audited 31 December 2016 R000 Level 2**	**Audited 31 December 2016 R000 Level 3**	**Audited 31 December 2016 R000 Total**
Financial assets				
Derivative financial assets	**–**	**3 255**	**–**	**3 255**
Financial assets designated at fair value through profit or loss	**–**	**753 752**	**1 084 948**	**1 838 700**
Total	**–**	**757 007**	**1 084 948**	**1 841 955**
Financial liabilities				
Derivative financial instruments	**–**	**(26 365)**	**–**	**(26 365)**
Financial liabilities designated at fair value through profit or loss	**–**	**(100 200)**	**–**	**(100 200)**
Total	**–**	**(126 565)**	**–**	**(126 565)**

	Audited 31 December 2015 R000 Level 1	Audited 31 December 2015 R000 Level 2	Audited 31 December 2015* R000 Level 3	Audited 31 December 2015* R000 Total
Financial assets				
Derivative financial assets	–	8 290	–	8 290
Financial assets designated at fair value through profit or loss	23 758	483 602	888 133	1 395 493
Total	23 758	491 892	888 133	1 403 783
Financial liabilities				
Derivative financial instruments	–	(102 773)	–	(102 773)
Financial liabilities designated at fair value through profit or loss	–	(97 127)	–	(97 127)
Total	–	(199 900)	–	(199 900)

* *Comparative figures have been revised to reflect more appropriate disclosures of financial instruments.*

Fair value gains recognised in the statement of comprehensive income for Level 3 financial instruments were R39.3 million (2015: R77.7 million).

Reconciliation of Level 3 fair value measurements of financial assets

	Audited 31 December 2016 R000	Audited 31 December 2015* R000
Opening balance	**888 133**	559 229
Additions	**158 499**	277 054
Disposals	**(993)**	(25 815)
Total gains recognised		
– in other comprehensive income	**(3 770)**	2 206
Profit and loss	**43 079**	75 459
Closing balance	**1 084 948**	888 133

* *Comparative figures have been revised to reflect more appropriate disclosures of financial instruments.*

Contingent assets/liabilities

as at 31 December 2016

Then company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R5 030 118 000 (2015: R5 895 868 000) of which R2 032 903 000 (2015: R2 714 947 000) had been utilised at the end of the year.

The company guaranteed charter-hire payments of subsidiaries amounting to R665 767 000 (2015: R1 082 546 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2017 to 2022.

The group placed R190 618 106 (2015: R190 618 106) on deposit as security with the funders of the BEE consortium and provided a guarantee of R130 000 000 in their favour to secure the structure. Grindrod continues to have the ability, but no obligation, to increase its funding within the structure should the current lenders wish to exit.

SHARE ANALYSIS OF **ORDINARY SHAREHOLDERS**

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	8 651	70.25	14 370 346	1.88
5 001 to 10 000 shares	1 628	13.22	11 961 854	1.57
10 001 to 50 000 shares	1 548	12.57	31 891 302	4.18
50 001 to 100 000 shares	203	1.65	16 907 700	2.22
100 001 shares and over	284	2.31	687 422 112	90.15
	12 314	**100.00**	**762 553 314**	**100.00**
Non-public shareholders	9	0.07	265 058 918	34.76
Directors of the company	6	0.05	2 960 265	0.39
Treasury stock	1	0.01	12 005 784	1.57
Strategic holdings	2	0.02	250 092 869	32.80
Public shareholders	**12 305**	**99.93**	**497 494 396**	**65.24**
	12 314	**100.00**	**762 553 314**	**100.00**
Investor profile				
Banks and brokers	96	0.78	71 547 667	9.38
Close corporations	148	1.20	4 949 005	0.65
Empowerment	1	0.01	64 000 000	8.39
Endowment funds	55	0.45	940 978	0.12
Individuals	9 546	77.52	60 660 475	7.96
Insurance companies	41	0.33	27 371 214	3.59
Investment companies	3	0.02	135 686	0.02
Medical schemes	12	0.10	487 306	0.07
Mutual funds	133	1.08	102 626 076	13.46
Other corporations	76	0.62	607 988	0.08
Own holdings	1	0.01	12 005 784	1.57
Private companies	308	2.50	89 851 064	11.78
Public companies	9	0.07	4 949 747	0.65
Retirement funds	168	1.36	121 270 015	15.90
Strategic investor	1	0.01	173 183 235	22.71
Trusts	1 716	13.94	27 967 074	3.67
	12 314	**100.00**	**762 553 314**	**100.00**
Geographical breakdown				
South Africa	11 889	96.55	661 280 265	86.72
United States of America and Canada	46	0.37	59 835 991	7.85
United Kingdom	61	0.50	26 626 765	3.49
Rest of Europe	36	0.29	11 373 084	1.49
Rest of the World	282	2.29	3 437 209	0.45
	12 314	**100.00**	**762 553 314**	**100.00**
Beneficial shareholders holding 5% or more				
Remgro			173 183 235	22.71
Grindrod Investments Proprietary Limited (Grindrod family)			76 909 634	10.09
Government Employees Pension Fund			69 633 168	9.13
Newshelf 1279 (RF) Proprietary Limited			64 000 000	8.39
			383 726 037	**50.32**
Top 10 Fund Managers				
Public Investment Corporation			60 651 198	7.95
Investec Asset Management			41 981 871	5.51
PSG Asset Management			37 802 424	4.96
Sanlam Investment Management			22 384 136	2.94
Oasis Asset Management			14 491 224	1.90
Old Mutual Investment Group			12 341 435	1.62
Alan Gray Asset Management			12 134 767	1.59
STANLIB Asset Management			6 409 644	0.84
Coronation Fund Managers			5 232 573	0.69
Vunani Fund Managers			2 034 920	0.27
			215 464 192	**28.27**

SHARE ANALYSIS OF **CUMULATIVE, NON-REDEEMABLE, NON-PARTICIPATING, NON-CONVERTIBLE PREFERENCE SHARES**

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	1 660	86.24	2 226 712	30.09
5 001 to 10 000 shares	125	6.49	893 861	12.08
10 001 to 50 000 shares	120	6.23	2 196 173	29.68
50 001 to 100 000 shares	14	0.73	1 016 088	13.73
100 001 shares and over	6	0.31	1 067 166	14.42
	1 925	**100.00**	**7 400 000**	**100.00**
Non-public shareholders	1	0.05	1 609	0.02
Public shareholders	1 924	99.95	7 398 391	99.98
	1 925	**100.00**	**7 400 000**	**100.00**
Investor profile				
Banks and brokers	6	0.31	111 466	1.50
Close corporations	20	1.04	58 618	0.79
Endowment funds	15	0.78	135 441	1.83
Individuals	1 368	71.07	3 270 565	44.20
Insurance companies	7	0.36	146 264	1.98
Medical schemes	1	0.05	9 046	0.12
Mutual funds	30	1.56	1 297 274	17.53
Other corporations	6	0.31	39 085	0.53
Private companies	77	4.00	557 101	7.53
Public companies	1	0.05	178 390	2.41
Retirement funds	10	0.52	56 989	0.77
Trusts	384	19.95	1 539 761	20.81
	1 925	**100.00**	**7 400 000**	**100.00**
Geographical breakdown				
South Africa	1 907	99.07	7 338 259	99.16
United States of America and Canada	1	0.05	1 400	0.02
United Kingdom	2	0.10	3 356	0.05
Rest of Europe	7	0.36	30 579	0.41
Rest of the World	8	0.42	26 406	0.36
	1 925	**100.00**	**7 400 000**	**100.00**

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the fiftieth 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, 24 May 2017 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 27 May 2016 are available for inspection at the registered office of the company until 16:00 on 22 May 2017.

1. Presentation of annual financial statements and reports

1.1 To present the audited annual financial statements for the financial year ended 31 December 2016, together with the reports of the audit committee, the directors and the auditors.

The summarised consolidated annual financial statements for 2016 are set out on pages 82 to 91 of the integrated annual report. A copy of the full audited annual financial statements is available on the company's website at www.grindrod.com.

1.2 To present the report of the social and ethics committee, set out on page 75 of the integrated annual report.

2. Ordinary resolutions

2.1 Ordinary resolution 2.1: Re-election of non-executive 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 MR Faku
2.1.2 GG Gelink
2.1.3 MJ Hankinson
2.1.4 SDM Zungu

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 50 to 54 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 directors, appointed by the board since the previous annual general meeting:

2.2.1 G Kotze
2.2.2 ZN Malinga
2.2.3 RSM Ndlovu

The nomination committee of the company has assessed the eligibility of the newly appointed candidates and the board accepted the results of the assessments. Accordingly, the board recommends their election to shareholders.

Brief CVs of the directors are provided on page 52 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 51 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 WD Geach

2.4.2 RSM Ndlovu

Brief CVs of the audit committee members are provided on pages 51 and 52 of the integrated annual report.

2.5 Ordinary resolution 2.5: Re-appointment of independent auditors and appointment 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 appointment of K Peddie 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 K Peddie to be designated audit partner and accordingly recommends that Deloitte & Touche and K Peddie be appointed as independent auditors and designated audit partner, respectively.

2.6 Ordinary resolution 2.6: General authority to directors to allot and issue ordinary shares

That, as an ordinary resolution, and subject to the provisions of the Act and the JSE Listings Requirements, from time to time, that the directors of the company be and are hereby authorised, as a general authority and approval, to allot and issue, for such purposes and on such terms as they may in their discretion determine, ordinary shares in the authorised but unissued share capital of the company up to a maximum of 10% of the number of ordinary shares in issue on the date of passing this resolution.

Explanatory Note

The reason for proposing ordinary resolution number 2.6 above is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of the company, up to 10% of the number of ordinary shares of the company in issue at the date of passing this resolution, in order to enable the company to take advantage of business opportunities which might arise in the future.

In order for ordinary resolution number 2.6 above to be approved, it must be supported by more than 50% of the voting rights exercised.

2.7 Ordinary resolution 2.7 of 75%: General authority to issue shares for cash

That, as an ordinary resolution, and subject to ordinary resolution number 2.6 above being passed, the directors of the company be and are hereby authorised, in accordance with the Act and the JSE Listings Requirements, to allot and issue for cash, on such terms and conditions as they may deem fit, all or any of the ordinary shares in the authorised but unissued share capital of the company, which they shall have been authorised to allot and issue in terms of ordinary resolution number 2.6 above, subject to the following conditions:

- This authority is valid until the company's next annual general meeting, provided that it will not extend beyond 15 months from the date that this authority is given;
- The ordinary shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into or represent options in respect of a class already in issue;
- Any such issue will be made only to 'public shareholders' as defined in the JSE Listings Requirements and not to related parties, unless the JSE otherwise agrees;

NOTICE OF THE ANNUAL GENERAL MEETING continued

2. Ordinary resolutions (continued)

2.7 Ordinary resolution 2.7 of 75%: General authority to issue shares for cash (continued)

- The number of shares issued for cash will not in aggregate exceed 10% of the company's listed ordinary shares (excluding treasury shares) as at the date of the notice of AGM, such number being 750 547 530 ordinary shares in the company's issued share capital;
- Any ordinary shares issued under this authority during the period of its validity must be deducted from the above number of ordinary shares and the authority shall be adjusted accordingly to represent the same allocation ratio on the event of a sub-division or consolidation of equity securities during the same period;
- The maximum discount permitted at which ordinary shares may be issued is 10% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities; and
- An announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date the company agrees to issue the shares and the impact on net asset value, net tangible asset value, earnings and (if applicable) diluted earnings and headline earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to such issue.

Explanatory Note

The reason for proposing ordinary resolution number 2.7 is that the directors consider it advantageous to have the authority to issue ordinary shares for cash in order to enable the company to take advantage of any business opportunity which might arise in the future. At present, the directors have no specific intention to use this authority, and the authority will thus only be used if circumstances are appropriate.

In order for ordinary resolution 2.7 to be approved, it must be supported by more than 75% of the voting rights exercised.

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 2017 to 30 June 2018, as set out below, be approved.

	Member/Director/Chairman	Present	Proposed
Board of directors	Chairman	R851 000	R902 000
	Non-executive director	R273 500	R290 000
Audit committee	Chairman	R219 000	R232 500
	Member	R121 500	R129 000
Investment committee	Chairman	Nil	Nil
	Standing member	R81 000	R86 000
	Ad-hoc member	R20 250 per meeting	R21 500 per meeting
Nomination committee	Chairman	R121 500	R129 000
	Member	R67 000	R71 000
Remuneration committee	Chairman	R121 500	R129 000
	Member	R67 000	R71 000
Risk committee	Chairman	R146 000	R155 000
	Member	R81 000	R86 000
Social and ethics committee	Chairman	R102 100	R108 500
	Member	R61 500	R65 500

The remuneration committee evaluated the fees for non-executive directors of the company, and members and chairmen of board committees. 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 of the Act

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 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 of the Act

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: Specific authority to provide financial assistance in terms of section 44 and 45 of the Act

To vote on the approval of financial assistance by the company to Newshelf 1279 (RF) Proprietary Limited (Newshelf).

Background

In 2014, Newshelf and Absa Bank Limited (the Bank), amongst others, concluded a senior preference share subscription agreement, in terms of which the Bank subscribed for preference shares in Newshelf (the Senior Preference Share Subscription Agreement). The subscription price was used by Newshelf to partially fund its subscription for shares in the company, which subscription helped the company to achieve certain broad based black economic empowerment objectives.

The required share cover ratio set out in the Senior Preference Share Subscription Agreement was breached in 2016, and consequently the Bank requested that security be provided. The requested security included:

1. a limited guarantee in terms of which the company guarantees all of the obligations of Newshelf under the Preference Share Documents, including payment of all Preference Share Outstandings, (both terms as defined in the Senior Preference Share Subscription Agreement), to a maximum guaranteed amount of ZAR130 million (Operating Company Guarantee), provided that this Operating Company Guarantee shall only come into effect once the shareholders and board of the company have complied with the requirements of sections 44, 45 and 46 of Act; and
2. a letter agreement in terms of which, amongst other things, the release provisions for the Operating Company Guarantee are agreed (Release Letter).

Proposed resolution

In order to avoid the Bank calling a breach of the Senior Preference Share Subscription Agreement, which may result in an unwinding of the company's broad based black economic empowerment structure, the board recommends that the shareholders pass the following special resolution:

That, as a special resolution, the financial assistance by the company to Newshelf in the form of the Operating Company Guarantee, as read with the Release Letter, be and is hereby approved in terms of section 44(3)(a)(ii) of the Act, and to the extent necessary, section 45(3)(a)(ii) of the Act.

NOTICE OF THE **ANNUAL GENERAL MEETING** continued

3. Special resolutions (continued)

3.4 Special resolution 3.4: Specific authority to provide financial assistance in terms of section 44 and 45 of the Act (continued)

Explanatory Note

The Operating Company Guarantee, as read with the Release Letter, amounts to the provision of financial assistance in terms of section 44 of the Act, and as such, shareholder approval in the form of a special resolution is required in terms of section 44(3)(a)(ii) of the Act. The Operating Company Guarantee, as read with the Release Letter, may also be construed as financial assistance in terms of section 45 of the Act, and as such, the above special resolution provides for shareholder approval to the extent required in terms of section 45(3)(a)(ii) of the Act.

It is noted that, in considering approving the financial assistance by the company to Newshelf in the form of the Operating Company Guarantee, as read with the Release Letter, the board is required in terms of the Act to:

1. satisfy itself that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4 of the Act;
2. satisfy itself that the terms of the financial assistance are fair and reasonable to the company; and
3. ensure that any conditions or restrictions in respect of the granting of financial assistance as set out in the company's MOI have been satisfied.

3.5 Special resolution 3.5: 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% 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% 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 3% of the number of the ordinary shares in issue at the time this general authority is granted (initial number), and for each 3% 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.

Disclosure

The directors of the company has no specific intention at present for the company or its subsidiaries to repurchase any of the shares of the company as contemplated in this special resolution number 3.5 but considers that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the company and its shareholders.

The directors, whose names are set out on pages 50 to 54 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 3.5 and certify that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries in this regard, and that this resolution contains all information required by law and the JSE Listings Requirements.

The following additional information, some of which appear elsewhere in the integrated annual report of which this notice forms part, is provided in terms of section 11.26 of the JSE Listings Requirements for purposes of the general authority contemplated above:

- Major beneficial shareholders – page 92 of the integrated annual report;
- Directors interests in shares – page 73 of the integrated annual report; and
- Share capital of the company page 86 of the integrated annual report.

Other than the facts and developments reported on in the integrated annual report, there have been no material changes to the financial or trading position of the company and its subsidiaries since 31 December 2016 and the issuing of this notice to shareholders.

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 65 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, 24 March 2017.

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, 19 May 2017. Accordingly, the last date to trade in order to be eligible to attend and vote at the annual general meeting is Tuesday, 16 May 2017. Forms of proxy for the annual general meeting are to be lodged by 14:00 on Monday, 22 May 2017.

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, 24 May 2017, preference shareholders are entitled to attend the meeting and to vote together with ordinary shareholders in respect of special resolution number 3.5 regarding renewal of the authority of directors to repurchase ordinary shares.

Voting and proxies

The minimum percentage of voting rights that is required for the adoption of each ordinary resolution is more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting, except for ordinary resolution 2.7, which requires 75%.

The minimum percentage of voting rights that is required for the adoption of each special resolution is at least 75% 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.

NOTICE OF THE **ANNUAL GENERAL MEETING** continued

Voting and proxies (continued)

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, 1st Floor, 115 Margaret Mncadi Avenue, Durban, 4001 (marked for the attention of Mrs CI Lewis) by no later than 16:00 on 23 May 2017 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
1 March 2017

FORM OF PROXY

Grindrod Limited
(Incorporated in the Republic of South Africa)
Registration number 1966/009846/06
Share code: GND and GNDP
ISIN: ZAE000072328 and ZAE000071106
(the company)

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

Holders of dematerialised ordinary shares, other than those with own-name registration, must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP to issue them with the necessary letter of representation. If they do not wish to attend the annual general meeting in person, they should provide their CSDP with their voting instructions.

I/We (full name in block letters)

of (address in block letters)

being the registered holder/s of ordinary shares and preference shares in the capital of the company

do hereby appoint

1. of or failing him/her,

2. of or failing him/her,

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, 24 May 2017 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. MR Faku			
2.1.2. GG Gelink			
2.1.3. MJ Hankinson			
2.1.4. SDM Zungu			
Ordinary resolution no. **2.2**: Confirmation of appointment of newly appointed directors			
2.2.1. G Kotze			
2.2.2. ZN Malinga			
2.2.3. RSM Ndlovu			
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. WD Geach			
2.4.2. RSM Ndlovu			
Ordinary resolution no. **2.5**: Re-appointment of independent auditors and appointment of designated audit partner			
2.5.1. Re-appointment of Deloitte & Touche as independent auditors			
2.5.2. Appointment of K Peddie as designated audit partner			
Ordinary resolution no. **2.6**: General authority to directors to allot and issue ordinary shares			
Ordinary resolution no. **2.7** of 75%: General authority to issue shares for cash			
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**: Specific authority to provide financial assistance in terms of section 44 and 45 of the Act			
Special resolution no. **3.5**: 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, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (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.

LIST OF ABBREVIATIONS

Abbreviation	Definition
AGM	Annual General Meeting
ATM	Automated Teller Machine
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CO_2	Carbon dioxide
CO_2-e	Carbon dioxide equivalent
CEO	Chief executive officer
CFO	Chief financial officer
CFM	Ports and Railway Company of Mozambique
company	Grindrod Limited
CoBIT	Control Objectives for Information and Related Technology
CPS	Cash Paymaster Services
CSDP	Central Securities Depository Participant
DOL	Department of Labour
DPW	Dubai Ports World
DRC	Democratic Republic of Congo
dwt	Deadweight Tonne
EBITDA	Earnings Before Interests, Tax, Depreciation and Amortisation
EE	Employment Equity
ESG	Environmental, Social and Governance
ETF	Exchange Traded Fund
EV/BITDA	Enterprise Value/EBITDA
EXCO	Executive Committee
FSB	Financial Services Board
FTE	Full Time Equivalent
FTSE	Financial Times Stock Exchange
GBP	British Pound
GHG	Greenhouse Gas
GML	Grindrod Mozambique Limitada
GRI	Global Reporting Initiative
Grindrod	Grindrod Limited
HDSA	Historically Disadvantaged South African
HR	Human Resources
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMO	International Maritime Organisation
<IR>	Integrated Reporting
ISO	International Standards Organisation
IT	Information Technology
IVS	Island View Shipping
JSE	Johannesburg Stock Exchange Limited
JV	Joint venture
KING III	2009 King Report on Corporate Governance for South Africa
KING IV	2016 King Report on Corporate Governance for South Africa
km	Kilometre
KPI	Key Performance Indicator
kWh	Kilowatt hour
LTIFR	Lost-time Injury Frequency Rate
m^2	Square metre
m^3	Cubic metre
MCTL	Grindrod Maputo Car Terminal
MJ	Megajoule
ML	Megalitre
MOI	Memorandum of Incorporation
MPA	Maritime and Port Authority of Singapore
MPDC	Maputo Port Development Company
MR	Medium-range
mt	Million tons
mtpa	Million tons per annum
MW	Megawatt
MWh	Megawatt-hours
NLPI	NLPI Limited
NM	Nautical Mile
NO_x	Nitrous Oxide
NPAT	Net Profit After Tax
OACL	Ocean Africa Container Lines
OHSAS	Occupational Health and Safety Advisory Services
OTGC	Oiltanking Grindrod Calulo
PAT	Profit After Tax
PMBOK	Project Management Body of Knowledge
PMO	Project Management Office
PRINCE II	Projects In Controlled Environments II
RBTG	RBT Grindrod
REITs	Real Estate Investment Trusts
SAICA	South African Institute of Chartered Accountants
S&P	Standard & Poor's
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
SDGs	Sustainable Development Goals
SGD	Singapore Dollar
SHERQ	Safety, Health, Environment, Risk and Quality
SO_x	Sulphur Oxide
TCM	Terminal de Carvão da Matola
TCOE	Total Cost of Employment
TEU	Twenty Foot Equivalent Unit
The Companies Act	The Companies Act, No 71 of 2008 (South Africa)
TNPA	Transnet National Ports Authority
UK	United Kingdom
UN	United Nations
UNICORN	Unicorn Shipping
US	United States
US$	United States Dollar
ZAR	South African Rand

TERMS AND EXPRESSIONS

Backhaul
Routes which are against the standard flow of traffic, i.e. loading in a port situated in what is usually a discharge area and discharging in a port situated in what is usually a loading area.

Ballast
The period of time during which a ship performs a voyage without cargo on board.

Baltic capesize index (BCI)
The BCI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 172 000 dwt vessel and maximum 10 years of age. The index is also published on the basis of a time charter return and is used to determine the value of the trading routes and settlement prices for forward freight agreements (FFAs).

Baltic dry index (BDI)
The BDI is published every London working day by the Baltic Exchange, which collates information for handysize, supramax, panamax and capesize vessels to create this lead freight market indicator.

Baltic handysize index (BHSI)
The BHSI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 28 000 dwt vessel with 30 MT cranes and maximum 15 years of age. The index is also published on the basis of a time charter return and is used to determine the value of the trading routes and settlement prices for FFAs.

Baltic panamax index (BPI)
The BPI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard 74 000 dwt vessel and maximum seven years of age. This index is also published on the basis of a time charter return and is used to determine the value of trading routes and settlement prices for FFAs.

Baltic supramax index (BSI)
The BSI is published every London working day by the Baltic Exchange, which collates information on fixtures for a number of routes in relation to a standard Tess 52 type vessel. This vessel is 52 454 dwt, with 4 × 30 MT cranes and grabs and maximum 10 years of age. This index is also published on the basis of a time charter return and is used to determine the value of trading routes and settlement prices for FFAs.

Bareboat charter
Charter for an agreed period of time during which the shipowner provides only the ship, while the charterer provides the crew, together with all stores and bunkers and pays all vessel operating costs.

Barging
Transfer of cargo between a ship and the shore using a barge.

Beam
The greatest width of a vessel.

Branch line locomotive
Small to medium-sized locomotive typically used for shunting or branchline operations.

Breakbulk
Dry, loose cargo.

Bulk carrier
Ship designed to carry dry, loose cargoes in bulk.

Bunker(s)
Fuel, consisting of fuel oil and diesel, 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).

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).

TERMS AND **EXPRESSIONS** continued

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

Grindrod Limited

Registration number 1966/009846/06
Share code: GND & GNDP
ISIN: ZAE000072328 and ZAE000071106

Registered office and business address

Quadrant House
115 Margaret Mncadi Avenue
Durban
4001

Postal address

PO Box 1
Durban
4000

Contact details

Telephone +27 31 304 1451
Facsimile +27 31 305 2848

Website details

www.grindrod.com

E-mail address

grindrod@grindrod.com

Group company secretary

Mrs CI Lewis
Telephone +27 31 365 9116

Grindrod ethics officer

Mrs CI Lewis
Telephone +27 31 365 9116

Tip-offs Anonymous

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Principal attorneys and legal advisors

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Umhlanga, Durban
Telephone +27 31 536 8600

Bankers

The group maintains relationships with various registered national and international financial institutions

Registered auditors

Deloitte & Touche
2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia, 4051
Telephone +27 31 560 7000

Share transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

PO Box 61051
Marshalltown, 2107

Telephone +27 11 370 5000
Facsimile +27 11 370 5271/2
Shareholder queries 0861 100 950

Sponsor

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Integrated annual report

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GREYMATTER & FINCH # 10619