

an integrated business

1910
1922
1933
1966
1971
1986
1996
2001

Captain John Grindrod establishes a clearing and forwarding agency that would grow into a company with a **current annual turnover of R10.2 billion** and total assets of R36.5 billion.

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

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

African Coasters merges with Thesen's Steamship Company to form Unicorn Lines. Today, Unicorn Shipping operates **13 owned and long-term chartered** medium-range, small-products tankers, with one medium-range product tanker on order.

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

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 2015 the company's **market capitalisation** was in excess of **R8.6 billion**.

The **company purchases dry-bulk charterer Island View Shipping**. Today, Island View operates and commercially manages **24.2 owned and long-term chartered** handysize, supramax and capesize **dry-bulk carriers**, with one handysize and five supramax fuel- and emissions-friendly carriers on order.

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

THE GRINDROD STORY

2003
2005
2007
2009
2011
2014
2015

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

Grindrod acquires Marriott Corporate Property Bank, which today trades as **Grindrod Bank and Grindrod Asset Management Services**, with **total assets under management of R15.7 billion** and a contribution to group profit of R165 million.

The **company invests in the Maputo Port Development Company**. Today, the port manages a **throughput of 16 million tonnes a year**. Grindrod investments in dry-bulk and car terminals at the port add significant value to the company's logistics offering.

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

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

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.

Grindrod is adequately geared to initiate capital projects to strengthen and expand infrastructure and services, but no major projects are initiated due to **depressed commodity markets**.

ABOUT THIS REPORT

Integrated reporting

The Grindrod Limited (Grindrod) integrated annual report provides stakeholders with a basis for assessing Grindrod's ability to create and sustain value to ensure short-, medium- and long-term viability.

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

In addition, Grindrod has applied the 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 the principles contained in the 2009 King Report on Corporate Governance for South Africa (King III).

The report provides a complete and balanced review of Grindrod's financial, social and environmental performance within the context of its strategy, risks and opportunities for the period 1 January 2015 to 31 December 2015, including information on subsidiaries and local and international joint-venture partners and associates. The report must be read in conjunction with the audited annual financial statements and other supplementary information, available on Grindrod's website.



Sustainability reporting

Grindrod has adopted the internationally accepted Global Reporting Initiative's (GRI's) G4 Sustainability Reporting Guidelines as a basis for sustainability reporting. Information disclosed in terms of the GRI framework is based on the identification, prioritisation and validation of material aspects to promote disclosure that appropriately reflects materially significant economic, environmental and social aspects and its performance in the wider context of sustainability and the reasonable expectations and interests of its 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.

There have been no significant changes to the measurement methods for key economic, environmental and social data between this report and that covering the previous year.

A GRI-G4 content index, based on a core "in accordance" option, is available on the website.

Where appropriate, sustainability information is disclosed inclusive of subsidiaries, joint ventures and associated companies.

In addition, the indicator assessments included in the Financial Times Stock Exchange (FTSE) Environmental, Social and Governance (ESG) Ratings methodology are also considered. This methodology, used as a basis for the FTSE/JSE Responsible Investment Index, replaces that previously covered by the JSE Socially Responsible Investment (SRI) index which was terminated at the end of 2015.

Grindrod has, based on external assessment, been included in the FTSE/JSE Responsible Investment Index and FTSE/JSE Responsible Investment Top 30 Index.



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 2015 integrated annual report on 23 February 2016 for release to shareholders.

Mike Hankinson
Chairman

Alan Olivier
Chief executive officer

KEY INFORMATION 2015

Headline earnings



Safety: fatalities

Headline earnings per share



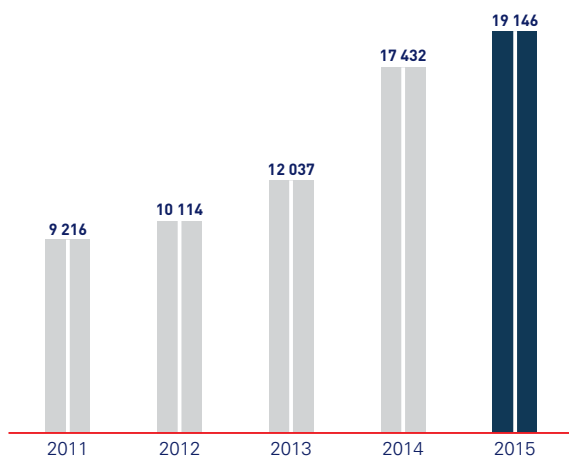
Energy intensity

Net asset value per share

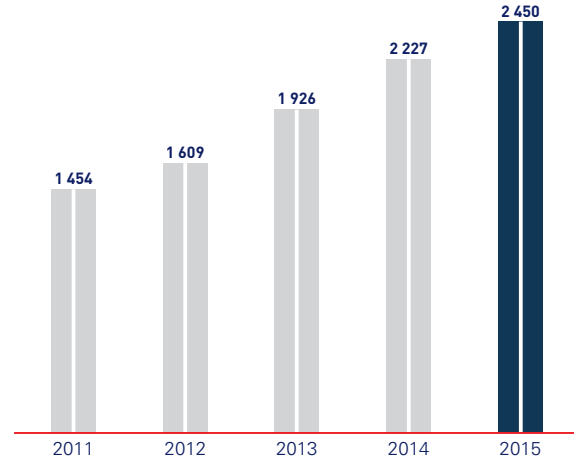


HDSA

Shareholders' funds (Rm)



Net worth per share (cents)

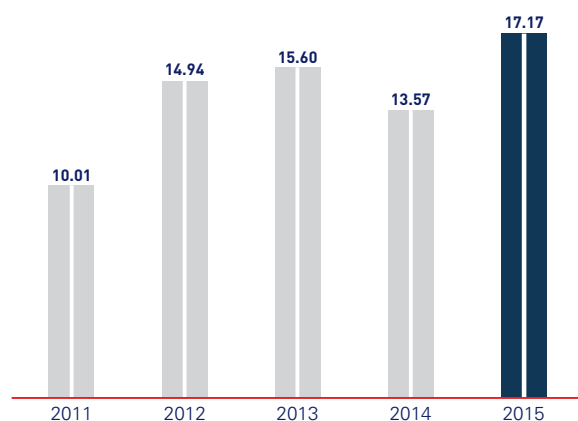


		2015	2014	%
Financial				
Headline earnings	Rm	559	729	(23.4)
Attributable (loss)/profit	Rm	(1 426)	1 001	(242.5)
Dividends per ordinary share	cents	19.6	33.6	(41.7)
Return on ordinary shareholders' funds	%	(8.1)	7.2	(212.5)
Net interest-bearing debt to total shareholders' interests	%	(0.2)	(3.1)	(93.5)
Capital expenditure*	Rm	1 354	2 448	(44.7)
Capital commitments*	Rm	1 179	955	23.5
Sustainability				
Lost-time injury frequency rate (LTIFR) – Freight Services		0.67	0.86	(22.1)
LTIFR – Shipping		0.09	0.26	(65.4)
LTIFR – Financial Services		0.00	0.00	-
Greenhouse gas (GHG) emissions intensity – Freight Services (CO ₂ per rand revenue)	grams	20.47	16.30	25.6
GHG emissions intensity – Shipping (CO ₂ per rand revenue)	grams	16.41	15.53	5.7
GHG emissions intensity – Financial Services (CO ₂ per rand revenue)	grams	4.90	5.89	(16.8)
GHG emissions intensity – Group (CO ₂ per rand revenue)	grams	17.17	13.57	26.5
Employee information				
Number of employees**	No	7 044	7 506	(6.2)
Employee cost*	Rm	1 729	1 851	(6.6)
Employee cost to revenue*	%	6.2	5.7	8.8
Training spend per employee	R	1 849	2 315	(20.1)
(Loss)/profit per employee	R000	(245)	158	(255.1)
Historically disadvantaged South Africans (HDSA) (South African employees)	%	74.8	77.6	(3.6)

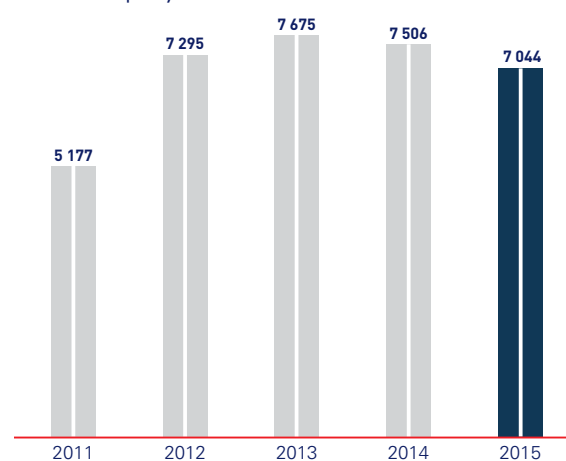
* Include joint ventures at effective shareholding.

**Include joint ventures and associates at 100%.

GHG emissions intensity
(grams CO₂ per rand revenue)



Total employees



CHAIRMAN'S MESSAGE TO STAKEHOLDERS

Board and management remain focused on mitigating the adverse impacts of subdued market conditions on business performance and shareholder value

Commodity markets continued falling during 2015 as economies across the globe failed to achieve sufficient growth and, additionally, South African weather conditions negatively impacted agricultural production. The challenging conditions continued to impact many of Grindrod's businesses in the shipping, ports, rail and agriculture sectors.

Grindrod nevertheless remains positioned for long-term growth. Its continued innovation takes advantage of market and growth opportunities through a focused capital investment programme, supported by the successful capital raise in 2014. However, capital-projects management calls for a disciplined approach to the implementation of projects in order to achieve sustainable expansion and growth in line with targeted long-term returns.

In current market conditions, board and management remain focused on mitigating the adverse impacts of the market condition on business performance and protecting stakeholder value. Opportunities to leverage infrastructure, services and investments to optimise value creation are constantly considered and implemented.

The material issues are the delivery of strategic projects and potential acquisitions, positioning the group for sustainable growth in the difficult market conditions, managing liquidity in the Shipping division, focusing on people to drive motivation and performance and optimising capacity utilisation through efficiency improvements and restructuring. The two top risks to business sustainability – reduced commodity demand and subdued global shipping markets – have become reality as a result of the depressed market conditions. Through informed decisions, based on the Grindrod team's intellectual capital, the group was able to achieve business performance that outperforms that of its peers.

Strategic direction and risk management will remain crucial in making informed decisions to ensure that investments are sustainable. During the year, governance in these areas was strengthened through the establishment of independent risk and investment committees at board level. This decision provides the board with management recommendations that are scrutinised by experienced executive and independent directors.





The quality of the Grindrod focus on sustainability was acknowledged by the inclusion of the group in the FTSE/JSE Responsible Investment Top 30 Index during 2015. The index was announced in October by the JSE in partnership with global index provider FTSE Russell. The companies included in the index are rated on environmental, social and governance performance. These three areas are divided into 14 pillars and rated according to over 350 indicators.

The inclusion of the group in the index is testimony to both the strategic management approach and the transparent way in which performance is reported. This year Grindrod again bases its integrated annual report on its performance across the six capitals of which it is custodian, namely financial, manufactured, intellectual, human, social and relationship and natural capital.

Crucial to the success of the business, is the well-being of the Grindrod team – the people who form the cornerstone of sustainability. Their safety, development and motivation drive the success the group achieved in most trying times.

2016

The economic recovery is expected to remain weak. However, the group remains adequately geared to invest in opportunities that have been identified and that are being investigated, should they meet the stringent governance and risk criteria. Investments will continue to focus on improving Grindrod's infrastructure and services in South Africa, expanding its presence in neighbouring countries and in logistics corridors in Africa and improving and growing the world-class shipping fleet.

The board has been strengthened by the appointment of Bongiwe Ntuli, CEO Port, Terminals and Rail, as executive director. Her business acumen and experience in Freight Services will add value to board deliberations.

Total dividends paid

R355.6m

Shareholders' equity

R19.1bn

I thank all directors for their dedication and constructive input to board meetings and management and employees for their contribution to what can only be described as an incredibly difficult year.

Lastly, I offer the board's condolences to the Grindrod family, who suffered the loss of Walter Murray Grindrod at the age of 79. He served the group for 50 years before retiring in 2007, 21 of which as chairman of the board.

Mike Hankinson
Chairman

23 February 2016

CHIEF EXECUTIVE OFFICER'S REPORT

2015 was a challenging year in which management focused on business consolidation and diversification



The decrease of 23.4 per cent in headline earnings for 2015 against the prior year reflects the difficult global trading conditions, as the slump in commodity demand intensified during the year. Three key commodities in the Grindrod logistics chain – export thermal coal, iron ore and copper – saw year-on-year price reductions of 42 per cent, 20 per cent and 19 per cent respectively. In Shipping, the year closed with the dry-bulk market at the lowest level since the introduction of the benchmark Baltic Dry Index 30 years ago.

The persistent decline in the dry-bulk shipping rates has continued into 2016 and is now at unprecedented levels. This has significantly impacted ship carrying values and the board has therefore deemed it appropriate to raise an impairment of US\$100 million. Impairments were also necessary in the mineral logistics and rail businesses. These impairments were the primary contributors to the decrease in earnings attributable to ordinary shareholders.

As a result, management continued to focusing on the consolidation of businesses and services. Business models and cost structures have been restructured in certain businesses, with an increased focus on cash flow management.

The focus is reflected by improved profitability in restructured businesses, cushioning the effect of the declining demand for logistics products and services in a difficult market. Other businesses, notably Financial Services and the liquid-bulk shipping fleet, performed well.

Business performance

The outcome of the focus on the mitigation of adverse market conditions confirms that the business strategy is robust and the businesses sustainable.

Grindrod measures business performance against targets and key performance indicators (KPIs). Core businesses in South Africa performed satisfactorily, as did the Mozambican interests, which are well positioned to benefit from the expected growth in the country. All businesses benefited from consolidation and diversification programmes to optimise performance and returns. Further progress was made with brand alignment and marketing across the group.

The balance sheet is strong and the group is adequately geared to invest in its expansion projects.



Inclusion of the group in the

FTSE/JSE

Responsible Investment Top 30 Index

Infrastructure expansion will continue, but to an adjusted timeframe as a result of severely weakened markets. We will continue to update shareholders on progress with our key investment projects.

In this regard, the Maputo port channel dredging and Grindrod TCM terminal berth deepening commenced. The successful conclusion of a joint venture with BEE partner RBT Resources paved the way for the expansion of the Richards Bay coal terminal from 3.2 to 4.5 million tonnes. The development of the Nggura (Coega) petroleum-products terminal is still delayed by the proposed regulatory changes, but all indications are that the revised tariff structure will be finalised during H1 2016.

Port, comprising Grindrod's strategic holding in the port of Maputo management company, achieved earnings on par with the strong 2014 performance, although volume throughput declined from the record tonnage achieved in 2014. The 75-km dredging project will give fully laden panamax vessels access to the port. This forms one of the cornerstones of port expansion to achieve increased throughput in line with the Master Port Plan.

Terminals reported substantially lower earnings than in 2014, following the sharp decline in utilisation as a result of reduced commodity demand. The focus remains on consolidation, diversification and the promotion of rate structures that are aligned to prevailing market conditions to stimulate volume.

Rail performed under budget, due to reduced customer demand linked to weak global commodity demand. Infrastructure development across countries in Africa poses challenges, which were further aggravated by depressed commodity prices. For the same reason; tenders for locomotives are often cancelled, postponed or scaled down. Rail continues to explore opportunities across the continent and evaluate its business model and risk-mitigation framework for appropriateness in the current economic climate. Further development of the North-South rail corridor remains a priority.

Carrier Logistics achieved the targeted business turnaround, returning to profitability following the loss posted in 2014. In 2016, management will focus on the performance of the fuel transportation business.

Integrated Logistics reported a reduction in earnings, mainly as a result of a loss reported by Intermodal following reduced demand for containerised minerals in a challenging market. A new management team is in the process of implementing business-consolidation measures and a return to profit is targeted for 2016. The ships agency and clearing and forwarding businesses continue to deliver good results, focusing on efficiency and improved service levels.

Shipping took delivery of seven (five in joint venture) eco-friendly, Japanese new-build dry-bulk carriers and sold two joint venture handysize bulk carriers and a 16 500 dwt product tanker, growing the owned and long-term chartered fleet to 37.2 ships at year-end. The fleet renewal programme is aimed at lowering operating cost and meeting increasingly stringent environmental regulations. An increase in the transportation of petroleum products supported strong rates and associated Tanker results. The dry-bulk fleet performed poorly on the back of record-low rates. Both fleets exceeded average spot-market rates and benchmark indices in one of the most challenging years for the shipping industry.

Ship operating services performed well as a result of increased cargoes transported.

Seafreight improved earnings. In addition to its main service that covers all major ports in Mozambique, South Africa and Namibia, the business extended its feeder service to include the ports of Namibe and Cabinda in Angola and expanded its landside operations in Durban.

Cockett Marine Oil reported good results and remains committed to further market share expansion.

Financial Services continued to grow the business and earnings, in both Grindrod Bank and Grindrod Asset Management. Retail retained the SASSA debit-card sub-contract until March 2017, started issuing EasyPay Everywhere debit cards with full banking facilities and licensed 810 ATMs deployed by Net1. All investment products showed good results, with significant growth in assets under management in the CoreShares exchange traded funds (ETFs) and the CIS funds, notably the high-performing, trade-marked Payers and Growers® funds. The UK Property Private Equity investment exceeded expectations in terms of both quality and performance of the assets acquired.

Business sustainability

The safety of employees, contractors and visitors is considered fundamental to business sustainability. Financial Services and Shipping have exemplary safety records and Freight Services continued improving its LTIFR, the benchmark indicator of safe practices. I am deeply saddened by two fatalities at work during the year. The fatalities were reported to the relevant authorities and duly investigated. Management continues to focus on safety controls and enforcement to avoid similar incidents, which are contrary to our values and sustainability focus.

Grindrod retained its focus on employee development through a variety of training, talent-management and succession programmes to ensure that people are adequately skilled, in line with business requirements.

CHIEF EXECUTIVE OFFICER'S REPORT continued

Good progress was made with a shared-services platform to improve cost efficiency and standardise common business processes and systems.

Social investment continued to focus mainly on education, channelled through Adopt-a-School, and marine and coastal conservation, through Wildlands. Both organisations follow a specialised approach, achieving significant and sustainable results.

Grindrod businesses continued to minimise the effect their operations have on the environment with continued monitoring of key areas of environmental management against targets set in its Vision 2020 manifesto.

Business safeguards

A sound governance structure – incorporating stringent quality, risk-assessment, legal and ethical guidelines and measures – safeguards the business model through which Grindrod works towards achieving its strategic objectives.

Safety, health, risk and environmental impacts are managed through structures that adhere to international benchmarks. Freight Services continues to embed integrated management systems based on International Standards Organisation (ISO) 9001, ISO 14001 and Occupational Health and Safety Advisory Services (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 at board level through the risk committee. Risk assessments cover all aspects of the business, from commodity flows to sovereign risk in cross-border businesses.

2016

The Grindrod strategy to expand existing and acquire additional infrastructure in order to grow the business has not changed. The balance sheet remains strong and the group is well positioned for long-term growth.

The difficult economic conditions are expected to continue in 2016. However, the Grindrod team is equipped to manage the businesses despite the challenges current markets conditions bring, guided by the board and within the parameters of solid governance structures. Good progress with standardised support services, brand alignment and cross-business marketing will contribute to our vision of One Grindrod, driven by the passion and energy of its people.

I thank employees, management, fellow directors, customers, associates and partners for their effort and support during a difficult 2015.

I pay tribute to Walter Murray Grindrod who passed away in May. Not only did he play a significant role in growing Grindrod but instituted a culture of integrity in the group. My condolences to Pauli and the family.



Alan Olivier
Chief executive officer
23 February 2016

Total employees

following
business
consolidation

 **6.2%**
7 044 employees
2014: 7 506 EMPLOYEES

Net worth
per ordinary
share

 **10.0%**
2 450 cents per share
2014: 2 227 CENTS PER SHARE



Grindrod Carrier Division owns and operates a fleet of specialised car carriers



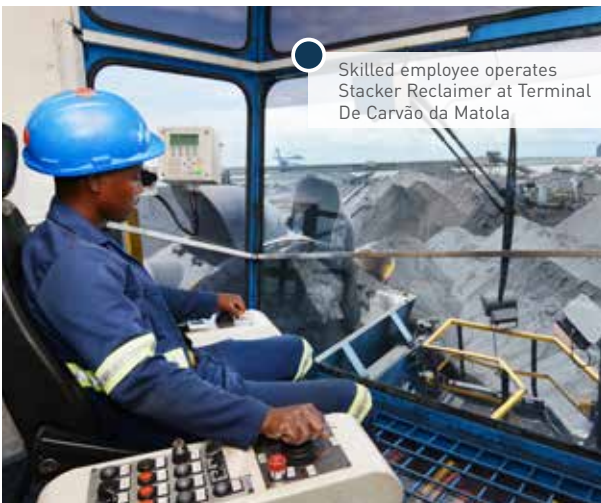
Our Ships Agency represents ship owners, managers, operators and charterers from around the globe and operates in major ports throughout sub-Saharan Africa, Australia and Singapore



Grindrod Towers in Sandton is home to numerous Grindrod business units



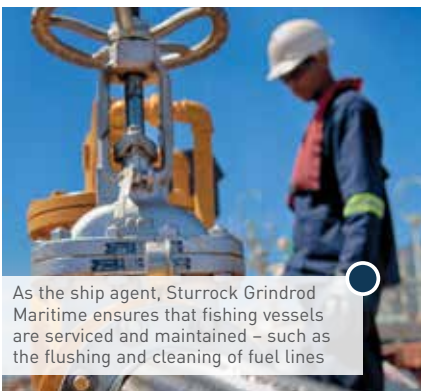
IVS Kinglet, 33 000 dwt handysize bulk carrier built in 2011



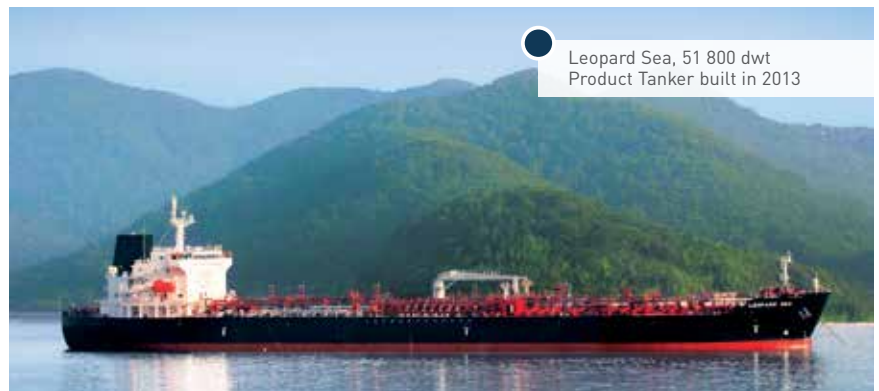
Skilled employee operates Stacker Reclaimer at Terminal De Carvão da Matola



Grindrod Locomotive operating in Maputo



As the ship agent, Sturrock Grindrod Maritime ensures that fishing vessels are serviced and maintained – such as the flushing and cleaning of fuel lines



Leopard Sea, 51 800 dwt Product Tanker built in 2013

GRINDROD'S BUSINESS

Grindrod's vision

is to create sustainable returns and long-term value for its stakeholders

WE CREATE

CAPITAL INPUTS The resources and relationships used



p 34 FINANCIAL CAPITAL

Retained earnings
Equity funding
Debt funding



p 38 MANUFACTURED CAPITAL

Port, terminals and interlinking infrastructure
Rail-manufacturing facilities
Carrier Logistics fleet
Shipping fleet



p 42 INTELLECTUAL CAPITAL

Globally respected brand
Sound knowledge base
Specialised skills
Proven systems and structures



p 44 HUMAN CAPITAL

7 044 skilled employees
Skills development and training



p 48 SOCIAL AND RELATIONSHIP CAPITAL

Host communities
Engagement structures
Strategic relationships



p 50 NATURAL CAPITAL

Natural resources



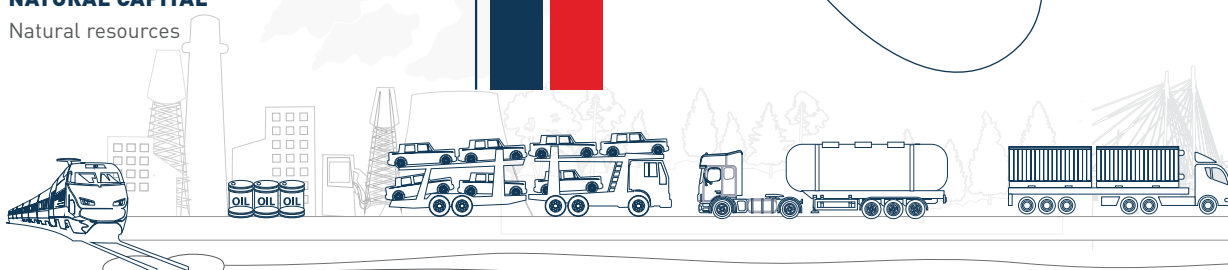
Commodity point of origin

Producer

SHIPPING

Governance

Stakeholder engagement



OUR VALUES

GOVERNANCE

Transparency in the disclosure of information to stakeholders

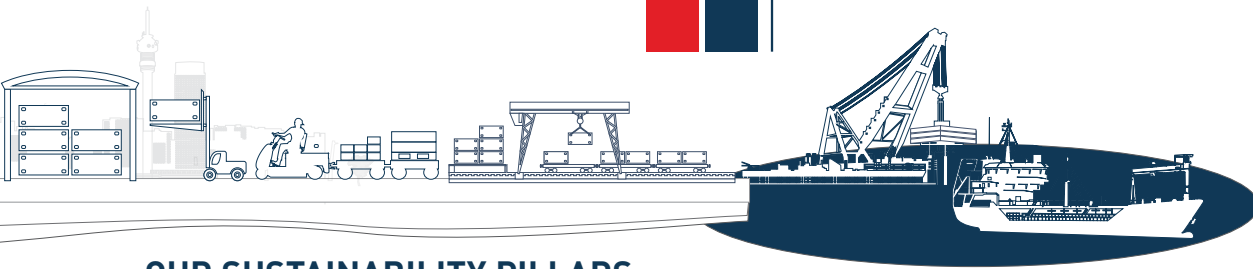
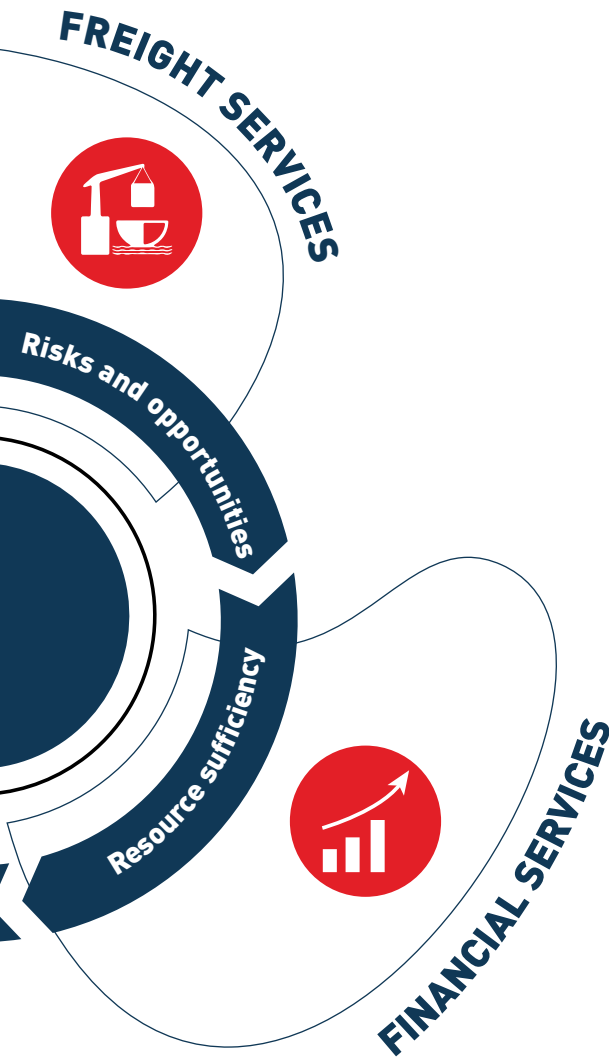
Respect for the company stakeholders, assets and the environment

Operating with **integrity**

Acting with **professionalism** in the group's service delivery to customers

Treating people with **fairness**

Accountability, requiring employees to take full ownership of actions taken



OUR SUSTAINABILITY PILLARS

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

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

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

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

FRAMEWORK

Grindrod's strategy

is to achieve a key competitive advantage to become the preferred integrated freight and logistics service provider

Grindrod creates value by investing in and utilising specialised assets and infrastructure to create an integrated logistics solution for bulk cargo movement. The Grindrod business model is based on sound governance structures, underpinned by its core values and sustainability pillars.

OUTCOMES

FINANCIAL CAPITAL

Project funding
Revenue from manufactured products and services
Shareholder returns



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MANUFACTURED CAPITAL

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



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INTELLECTUAL CAPITAL

Innovative bespoke offerings to clients
Governed business management



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HUMAN CAPITAL

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



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SOCIAL AND RELATIONSHIP CAPITAL

Mutually beneficial stakeholder involvement
Engaged workforce
Improved community sustainability



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NATURAL CAPITAL

Mitigation of adverse environmental impacts



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The effects of business activity and output on the capitals

CAPITAL OUTCOMES

Commodity destination

Customer



Freight Services

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

Terminals in Maputo, Richards Bay, Durban and Walvis Bay have combined throughput capacities in excess of 18mtpa dry bulk, 280 000m³ liquid bulk and 120 000 vehicles a year. Stevedoring services are also provided.

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

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

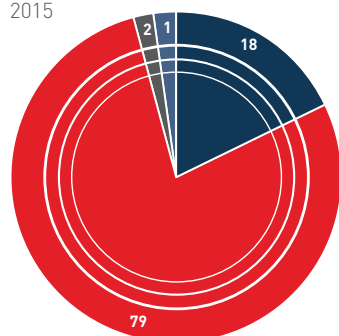
Integrated Logistics provides containerised cargo, cargo-handling, freight-clearing and forwarding and ships-agency services and heavy-lift logistics. Warehouse depots have a storage capacity for 27 500 TEU and 174 000 tonnes of cargo.

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

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

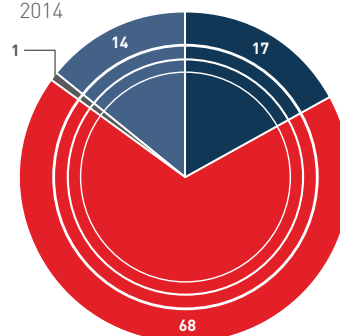
Revenue (management) (%)

2015



R27 995 million

2014



R32 717 million



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Shipping

Shipping operates a diversified fleet of 37.2 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 complements 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 24.2 vessels, with one handysize (joint venture) and five supramax (three in joint venture) fuel- and emissions-efficient (Eco) carriers on order. In addition, a number of third party vessels are commercially managed in the IVS pools.

Unicorn Shipping operates 13 owned and long-term chartered medium-range and small-products tankers, including six tankers operated through joint ventures. One medium-range product tanker is on order.

Seafreight, through Ocean Africa Container Lines (OACL), extended its coastal feeder service to include the ports of Namibe and Cabinda in Angola. It also increased its terminal capacity at Maydon Wharf in the port of Durban which offers its services to third parties to optimise efficiency.

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

Marine fuel, Cockett Group is a key 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.



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Financial Services

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

Grindrod Bank is an authorised financial-services credit provider regulated by the South African Reserve Bank.

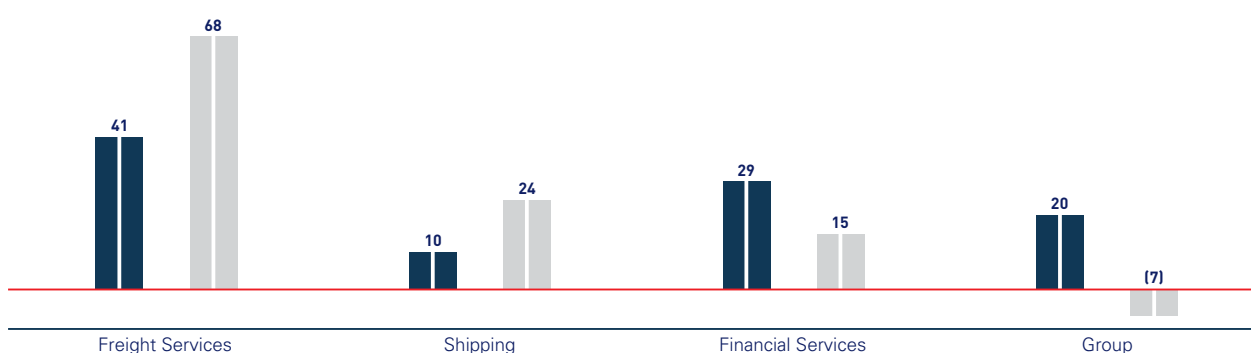
Its investment banking services include long-term private equity investments and property private equity services, including mezzanine lending.

Banking products include corporate banking services, corporate financial services, a suite of six CoreShare Index Tracker Manager ETFs, preference-share trusts, treasury deposit and funding services and retail services.

Grindrod Asset Management is a registered investment management company and an FSB authorised financial services provider holding Category I and II licences. Its Wealth division provides bespoke investment management, stockbroking, financial planning and fiduciary services to individuals, family trusts and educational and charitable institutions. The Fund Management division 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 through Grindrod Collective Investments.



Headline earnings (%)



■ 2015: R559 million ■ 2014: R729 million

BUSINESS PROFILE

An **integrated supply chain** for bulk cargoes



Freight Services

Port

Port Concession

24.7% – 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)
100% – Maydon Wharf, Durban
75% – Port of Walvis Bay, Namibia

Liquid-bulk Terminals

30.5% – Oil Tanking Grindrod Calulo, Durban
30.5% – Oil Tanking Grindrod Calulo, Cape Town

Stevedores

100% – Bay Stevedores, Richards Bay
49% – 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 Design, Engineering, Manufacturing, Leasing and Maintenance

100% – Grindrod Locomotives
55% – GPR Leasing Africa
55% – GPR Leasing South Africa
100% – Grindrod Mauritius Rail

Rail Track Safety, Signalling and Train Control Technologies

65% – Aurevon

Rail Track Engineering and Construction

100% – Grindrod Rail Construction Company



Carrier Logistics

Auto Road Transportation

100% – Grindrod Logistics

Fuel Road Transportation

100% – Grindrod Fuelogic
100% – Petrologistics (Botswana)
70% – Grindrod Fuelogic Mozambique

Integrated Logistics

Container Logistics

100% – Grindrod Intermodal

Clearing and Forwarding

42.5% – Röhligh-Grindrod
42.5% – Kapele Freight and Logistics

Ships Agency Services

100% – Sturrock Grindrod Maritime

Heavy-lift Logistics

50% – Vanguard

Agricultural Logistics

20% – Senwes
20% – NWK

Industrial Logistics

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

Travel Management

100% – Grindrod Travel



22.71%

Remgro

9.73%

Grindrod Investments
Proprietary Limited
(GRINDROD FAMILY)

9.45%

Government Employees
Pension Fund

8.39%

Newshelf 1279
Proprietary Limited
(B-BBEE CONSORTIUM)

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% – OACL

Marine Fuel

50% – Cockett Marine Oil

50% – V-Marine Fuels



Financial Services

Banking

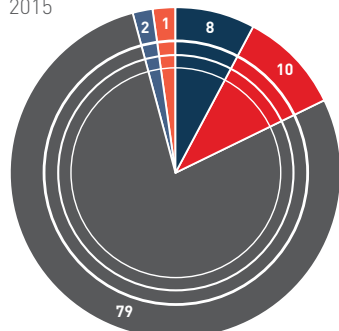
96.5% – Grindrod Bank

Asset Management

96.5% – Grindrod Asset Management

Revenue by business area (%)

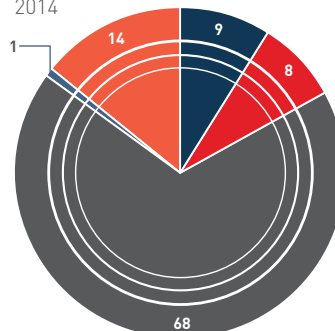
2015



R27 995 million

- Port, Terminals and Rail
- Logistics
- Shipping
- Financial Services
- Group

2014

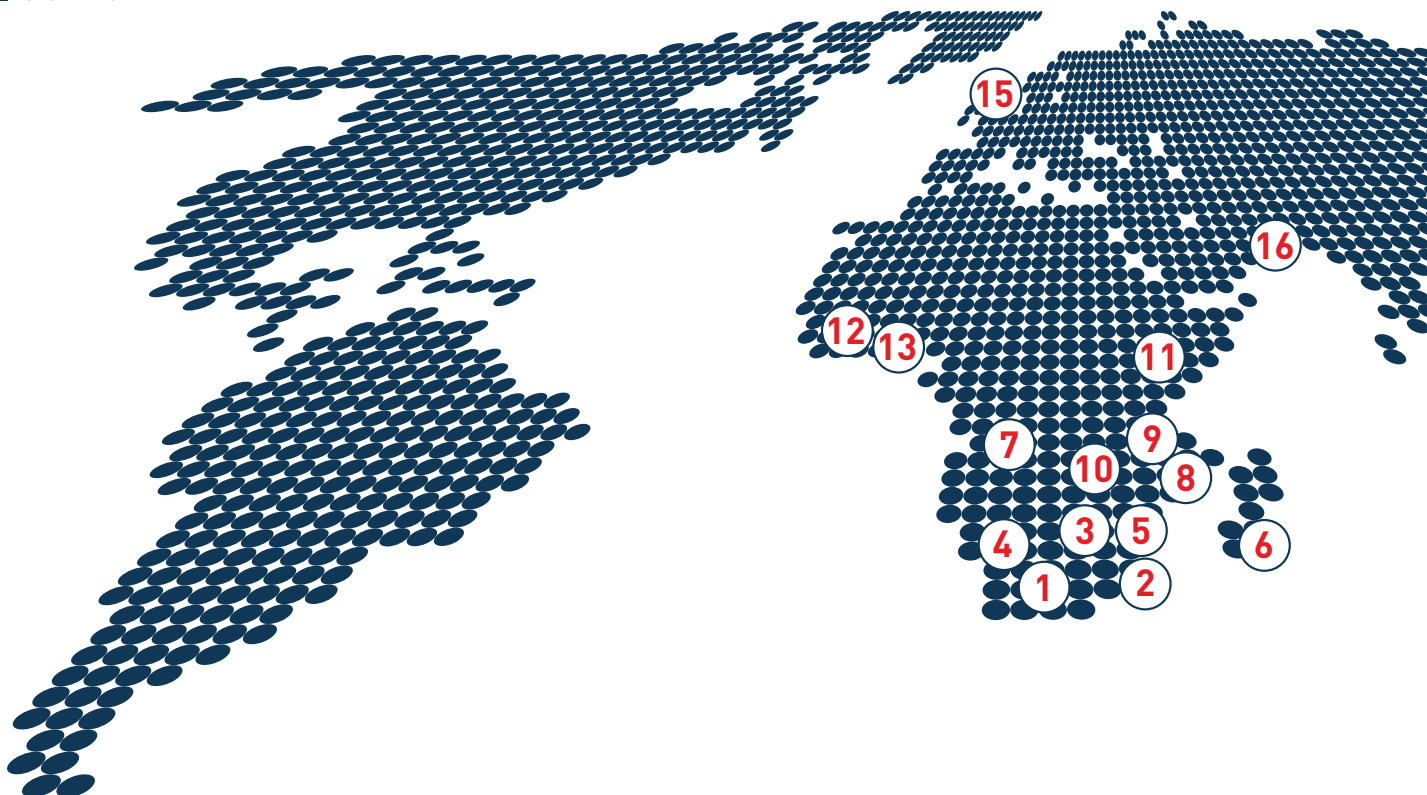
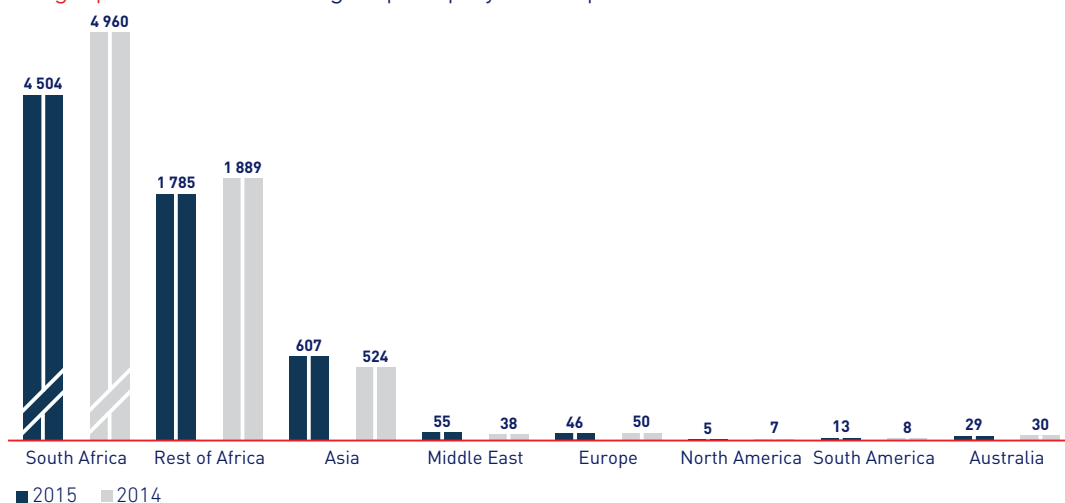


R32 717 million

GLOBAL PRESENCE BY OPERATION

Representation in 37 countries

Geographic distribution of group employee complement



Major operations

1 South Africa

- Automotive
- Agriculture and Industrial Logistics
- Clearing and Forwarding
- Financial Services
- Fuel Transport
- Intermodal
- Rail
- Shipping
- Stevedoring
- Terminals
- Ships Agencies
- Specialised Heavy Lifting Equipment

2 Swaziland

- Ships Agencies

3 Botswana

- Fuel Transport

4 Namibia

- Fuel Transport
- Ships Agencies
- Stevedoring
- Terminals

5 Zimbabwe

- Rail

6 Madagascar

- Ships Agencies

7 Angola

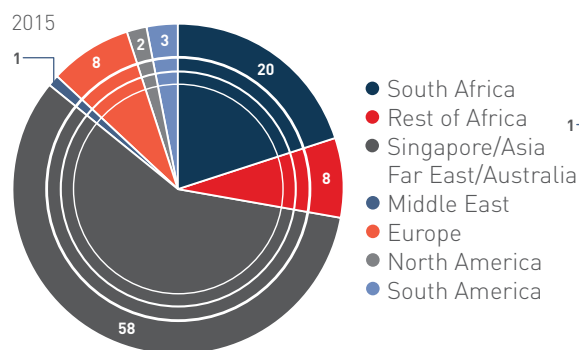
- Ships Agencies

8 Mozambique

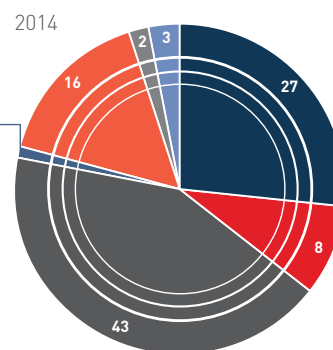
- Cleaning and Forwarding
- Intermodal
- Fuel Transport
- Port
- Rail
- Ships Agencies
- Terminals



Revenue by region (%)

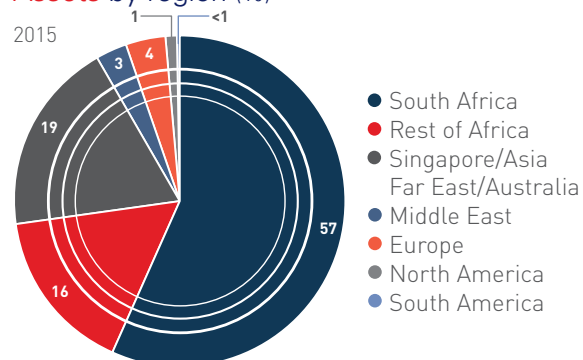


R27 995 million

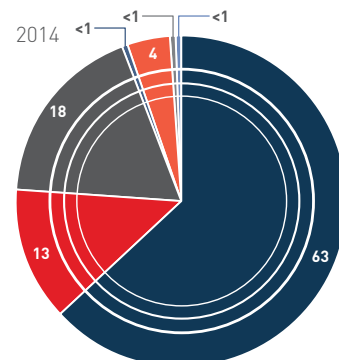


R32 717 million

Assets by region (%)



R40 529 million



R37 364 million

9 Tanzania
• Ships Agencies

10 Zambia
• Rail

11 Kenya
• Ships Agencies

12 Sierra Leone
• Rail

13 Ghana
• Rail
• Ships Agencies

14 Japan
• Shipping

15 UK
• Financial Services
• Marine Fuels
• Shipping

16 Dubai, UAE
• Financial Services
• Marine Fuels

17 Singapore
• Shipping
• Ships Agencies

18 Australia
• Ships Agencies

STRATEGIC REVIEW

Material issues

Grindrod creates sustainable growth through the competitive positioning of services and assets within its key areas of operation. The board and executive team continuously assess and confirm the material issues that affect the implementation of the group's strategy and its ability to sustain operational and financial performance and promote value creation for its stakeholders.

Delivery of strategic projects and potential acquisitions

Grindrod's strategy focuses on the expansion of existing and acquisition of additional infrastructure in order to grow the business. The balance sheet remains strong and the long-term positioning of the group has not changed. The decline in commodity prices, specifically those impacting on the business, and associated reduction in customer demand necessitates the continual review of the investment criteria and timing for established and newly identified expansion projects or acquisitions. In some instances, strategy implementation is impacted by regulatory process.

Positioning Grindrod for sustainable growth in difficult market conditions

Grindrod operates in commodity markets, which are cyclical by nature. The current downswing, which negatively impacts on global dry-bulk commodity movement, is the result of declining demand and excess production from infrastructure that producers planned and built during the upswing.

All divisions reacted to the decline by focusing on efficiencies. This process of scrutinising utilisation of existing assets, as well as planned expansions, continued in 2015 within parameters of risk tolerance. Some projects were implemented, others were scaled down or delayed and some exited.

Managing liquidity in the Shipping division

The planned acquisition of modern, quality vessels continued. Fleet renewal is crucial to Shipping maintaining its position in competitive markets and to gear the fleet for anticipated market improvement. Purchasing decisions are supported by the use of an established robust risk model that provides for the suitable assessment of medium-term liquidity and equity positioning of the Shipping division under stressed market conditions.

Focusing on people to drive motivation and performance

Grindrod regards its employee base as key to achieving business objectives. Its employee focus includes the creation of safe working conditions, market-related remuneration and training and development programmes to enhance the ability of people to achieve their business objectives and improve their professional, personal and social skills.

The move towards One Grindrod, which includes the implementation of standardised procedures, processes and performance-management criteria through a centralised HR Shared Services, addresses factors affecting business efficiencies, motivation and performance amongst employees across the group.

Optimising capacity utilisation through efficiency improvements and restructuring

Group businesses and investments are continuously analysed to quantify the effects of prevailing market conditions on capacity utilisation and business viability. Where required, efficiency improvements and restructuring is implemented to ensure the long-term sustainability of businesses.

Solutions implemented range from business restructuring to product diversification and tariff reviews. Collectively, these steps ensure the longer-term profitability of businesses. To safeguard capacity utilisation, tariffs are renegotiated in line with market changes through extensive engagement, resulting in mutually beneficial agreements that create long-term, sustainable solutions for the customer and supplier.





Grindrod's strategy remains focused on positioning the group for the creation of sustainable stakeholder value

Market environment

Grindrod remains positioned to execute on capital projects which are key to the group's future growth and sustainability. Following the R4 billion capital raise in 2014, the balance sheet is adequately geared to pursue the expansion of the integrated logistics chain.

The implementation dates of the projects have, however, been reviewed during 2015 in the light of the slump in the prices of key commodities caused by contraction of global economies and abundant oversupply from vigorous expansion projects during the upswing in the commodities markets.

Low prices for dry commodities affected the earnings of the terminals businesses and the dry-bulk shipping fleet negatively. The prices of coal, iron ore and copper, three key commodities in the Grindrod logistics chain, dropped to historic lows, negatively impacting volumes. A decline in demand adversely affected transportation of vehicles within South Africa, while the Maputo car terminal did not benefit from increased exports, as most manufacturers are situated close to South African ports.

Shipping, operating in a seaborne market which steadfastly grows in volume by approximately 3 per cent a year, continued its programme of replacing ageing vessels and expanding the fleet with quality, eco-friendly Japanese vessels. Dry-bulk rates

were at an all-time low. The world dry-bulk fleet is expected to grow by only 2.5 per cent in 2016, as orders for new-builds have reduced substantially. In 2015, 29 million tonnes were scrapped compared to 15 million tonnes in 2014.

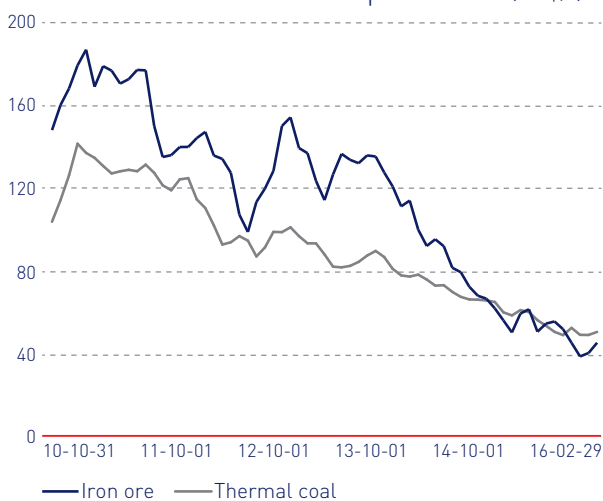
Commodity producing countries and China have improved their port efficiencies, resulting in reduced ship congestion. World seaborne trade routes also altered with China sourcing more product from Australia as opposed to Brazil and West Africa, thus reducing the time spent at sea by the world's shipping fleet.

Towards year-end, a slight increase in agricultural seaborne cargo was seen, notably from Argentina, but rates are expected to remain low.

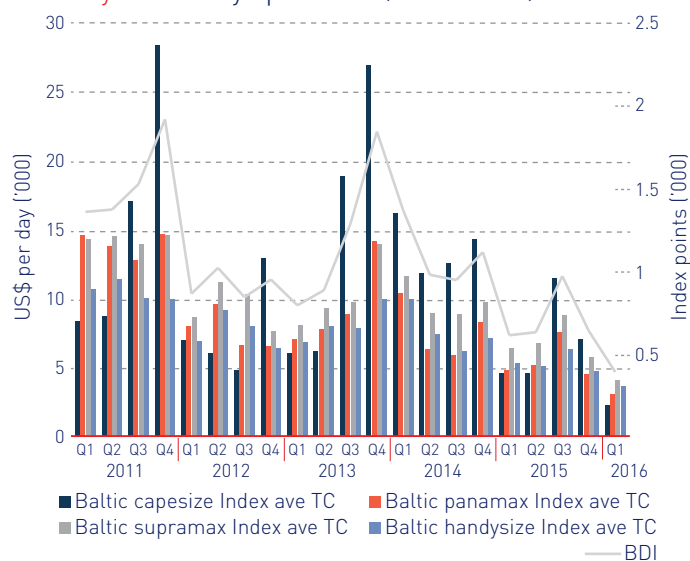
The tanker fleet performed well as a result of the low oil price and increased demand for long-haul transport. This demand is expected to continue with new-refinery development focused in the Middle East, India and Asia Pacific.

Financial Services continues to manage the effects of volatile stock markets and currencies and low interest rates, combined with credit concerns and cost pressures in terms of technology and increasingly stringent regulations. However, the business continues to grow on the back of good service delivery and market-leading investment and retail products.

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



Dry-bulk daily spot rates (Baltic indices)



KEY FOCUS AREAS 2015

Key focus area	Status	Commentary
Execute on capital projects	●	A phased approach was followed, staggering investments to be implemented only when viable in difficult market conditions.
Maximise asset utilisation	● ●	Most businesses that have been affected by the slump in demand have restructured or diversified to counter weak demand for services, laying a sound foundation for improved performance in 2016. Successfully negotiated a single price for Richards Bay terminal customers that included reduced rail, terminal and port costs.
Drive to secure new capacities	● ● ●	Expansions and investments are carefully considered. The dredging of the Maputo port and Grindrod berths were approved and planning commenced to open up increased port capacity from 2017 onwards. Expansion and equipment improvements to the Richards Bay Navitrade Terminal will be executed in a phased approach according to customer take-up.
Improve operating efficiencies and costs	● ●	Restructuring and diversification improved efficiencies and lowered costs. Focused Safety, Health, Environment, Risk and Quality (SHERQ) processes.
Execute the Rail strategy	●	The strategy was amended to take market shifts into consideration, a focused marketing plan was drafted and businesses were consolidated and managed with a strong focus on cash preservation.
Integrate and build out the agricultural commodity strategy	●	Steps were implemented to benefit from synergies between the agricultural businesses and other group divisions.
Further develop new infrastructure and logistics opportunities	●	Business-development initiatives focused on opportunities in Mozambique and several African countries.
Execute on fit-for-purpose, consolidated and standardised shared services across the group	●	Progress was made with the transition of fragmented services throughout the group to SAP-based platforms at the centre and improved and uniform safety and health management.
Drive improvement in human-capital management	●	Progress was made with the design of performance, talent and succession management systems and processes to enhance the uniformity of employee management across the group.
Drive compliance with key transformation requirements	●	Grindrod continued to make progress with demographical representation at management levels.
Manage strategic partnerships to facilitate execution and reduce risk	● ●	The policy to work with partners that share the Grindrod business approach and the project risk progressed well. Constant liaison with strategic logistics providers resulted in a better understanding of how business partnerships can provide mutually beneficial results.

● Achieved ● Ongoing/expected



Key capital projects

The four significant capital projects, which form the basis for future growth and which will be further pursued in 2016, are:

- Improving access to the Port of Maputo to accommodate panamax vessels. This 75-km dredging project will give fully laden panama vessels access to the port in line with the Master Port Plan. The dredging is done with full cooperation of the Mozambique government, which is a shareholder through CFM. The project was officially launched at the end of 2015 and should be completed within a year. At the same time, the Grindrod TCM berth will also be deepened to accommodate the larger vessels.
- The North West Rail Corridor project, including the North South Rail Corridor project. Viability of the project is dependent on the global copper price, which has come under severe pressure in 2015 and remains so.
- Finalising contractual agreements and guarantees for the development of a petroleum-products terminal in the port of Ngqura (Coega) once the amended Nersa tariffs have been finalised, probably by the end of Q1 2016. The project will be developed by Oiltanking Grindrod Calulo (OTGC) on concession land owned by Transnet.
- Expanding the Grindrod Navitrade coal terminal in Richards Bay from 3.2 million to 4.5 million tonnes. The expansions are implemented incrementally to eventually give the terminal a 20 million tonnes capacity. Adjoining land for further expansion was obtained after forming a joint venture with RBT Resources.

Other capital projects continue and other significant business opportunities are being developed.

Key focus areas 2016

In 2016, management, supported by the board, aims to continue with its careful approach to projects implementation, as current tough market conditions are expected to prevail. The Chinese economy will grow, but at a reduced rate, the American economy is showing signs of recovery and the price of oil is expected to remain low. However, the oversupply of commodities is expected to continue.

Where appropriate, all businesses will continue to:

- Maximise asset utilisation;
- Improve operating efficiencies and cost;
- Support an integrated approach to marketing;
- Manage strategic partnerships to facilitate execution and reduce risk;
- Execute on fit-for-purpose, consolidated and standardised group shared services;
- Reinforce the people focus; and
- Drive compliance with key transformation requirements.

At divisional level:

- The Shipping business model will be continuously evaluated for sustainability;
- Rail and Terminals expansion projects will be judiciously executed;
- Identified logistics opportunities across businesses will be pursued;
- The agricultural commodity investments will be grown and further group business opportunities will be pursued; and
- Financial Services will continue to grow its products and market share.





Freight Services



KEY ACHIEVEMENTS | 2015

- Engaged in meaningful liaison with strategic rail resources providers to explore mutually beneficial business options.
- Approval and commenced planning of the 75-km dredging project in the Port of Maputo together with TCM berth deepening in line with the Master Port Plan.
- GML was rated the best company in the 2014 KPMG Top 100 Companies in Mozambique awards.
- Initiated expansion of the Richards Bay Navitrade coal terminal from 3.2 million to 4.5 million tonnes.
- Successfully returned Carrier Logistics to profit.
- Safety as measured by the benchmark LTIFR improved to 0.67, following a concerted drive to implement uniform safety procedures and systems across the diverse businesses in the division.



KEY CHALLENGES | 2015

- Managing the impact of market-driven delays in the development of projects which are key to the division's long-term growth.
- Managing the imbalance between capacity, utilisation and demand as a result of the continuously subdued markets.
- Managing the impact of business restructuring and retrenchments in the Carrier Logistics and Intermodal businesses.

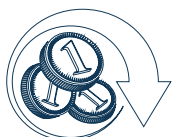


KEY FOCUS AREAS | 2016

- Continue to work with customers and other logistics providers to achieve increased capacity utilisation across businesses.
- Continue to improve on safety management at all businesses to achieve target and strive for zero injuries.
- Continue the strategic shift towards integrated logistics offerings across the businesses to improve competitive advantage.
- Remain focused on retaining market share by offering customers individualised, structural tariffs and products across business units.
- Continue working with all logistics providers in our corridors to promote a sustainable mutually beneficial approach to logistics development and utilisation.
- Seek to expand the customer base.
- Complete the turnaround of underperforming businesses.



KEY RATIOS



(1.8)%

2014: **11.8%**

RETURN ON ORDINARY
SHAREHOLDERS' EQUITY



8.7%

2014: **12.9%**

MARGIN



0.23:1

2014: **0.30:1**

DEBT:EQUITY RATIO



6.2%

2014: **12.7%**

RETURN ON NET ASSETS



R(23 725)

2014: **R98 000**

(LOSS)/PROFIT PER EMPLOYEE*

* Calculated based on employee numbers at effective shareholding.

Key financial information

	2015 Rm	2014** Rm	Growth %
Income statement			
Revenue	5 060	5 654	(10.5)
EBITDA	838	1 054	(20.5)
Operating income	439	732	(40.0)
Share of associate companies' profit	72	80	(10.0)
Attributable profit	(109)	613	(117.8)
Statement of financial position			
Non-current assets/investments	8 178	7 017	16.5
Current assets	2 314	3 133	(26.1)
Total assets	10 492	10 150	3.4
Equity	6 645	6 244	6.4
Net debt	1 533	1 849	(17.1)
Other liabilities	2 314	2 057	12.5
Total equity and liabilities	10 492	10 150	3.4

**Restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses.

OPERATIONAL REVIEW

continued

Maputo Port is testimony to the success that can be achieved in a carefully planned expansion drive into Africa. The port company and group investments in the port continued to perform well despite the sharp decline in mining commodities which affected most of Grindrod's businesses. Port volumes declined, by 20.2 per cent to 15.6 million tonnes in 2015 from a record 19.5 million tonnes in 2014.

Terminals volumes declined by 42.5 per cent in 2015 due to depressed coal and iron ore prices which impacted customer volumes handled at the terminals.

Steps taken to regain volumes include working with all resource providers to reduce the supply chain costs to alleviate customer stress in a mutually beneficial way.

Rail performed under budget, hampered by the cancellation and postponement of infrastructure projects which rely on regulatory approval and customer take-off agreements to launch. Business pressure is expected to continue in the near future and management is continuously reviewing the Rail business model for robustness and investigating risk mitigation measures.

Rail Manufacturing introduced an AC locomotive to extend its product offering and continues to participate in new-build and leasing opportunities. The business secured a contract to lease and sell main-line and shunting locomotives to rail-concession operators in Cameroon and Ivory Coast. However, in the current economic climate, many projects are cancelled, postponed or scaled down.

Rail-infrastructure investments in Africa continue being evaluated for viability. African countries and regions are continuously evaluated for growth opportunities against current and anticipated economic and political trends.

Carrier Logistics returned to profit in the most challenging year in the industry since 2009. Road transportation remained overtraded due to low entry barriers and fierce competition for declining volumes. The business was right-sized and continues to investigate diversification options to improve its asset utilisation.

The transportation of vehicles by *Grindrod Logistics* was affected by a decline of 4.1 per cent in new-car sales.

A focus on performance resulted in 98 per cent of deliveries being on time during the year. An innovative electronic support interface, implemented in the second quarter of the year, saw on-time deliveries improve further to 99 per cent.

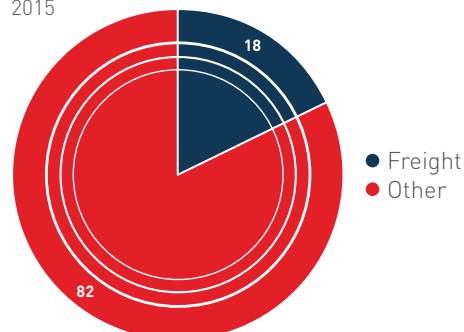
Grindrod Fuellogic, the fuel transportation business operating in South Africa, returned to profit following a business-stabilisation initiative in 2014.

A similar turnaround strategy was applied to *Grindrod Petrologistics* in Botswana, which also serves Namibia, with a satisfactory improvement in operational efficiencies.

Grindrod Fuellogic Mozambique, of which Grindrod owns 70 per cent, reported a loss. Management has implemented an aggressive turnaround strategy which will continue into 2016.

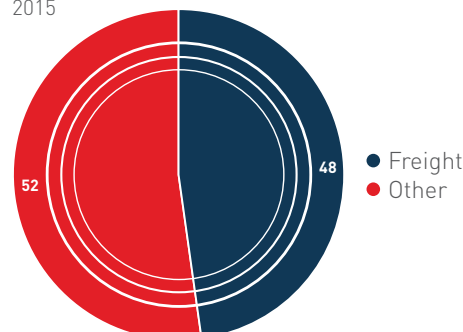
Contribution to revenue (%)

2015



Contribution to EBITDA (%)

2015



Integrated Logistics continued to focus on integrating and growing its businesses and reported solid results despite the adverse market conditions.

Sturrock Grindrod Maritime reported good results on the back of its revitalisation programme that was initiated in 2014, notably in its South African and Mozambican businesses. Expansion opportunities are continuously investigated. *Sturrock Grindrod Marine Tech*, which moved to new offices in Durban and Cape Town, plans expansion into neighbouring countries. The business, which is focused on innovative technological solutions that promote improved effectiveness in diesel engines, also provides a procurement service to the marine industry, including international sourcing, importing and customs clearance of equipment, spares, stores and provisions and accredited life-raft sales, servicing and repair.

Röhlig-Grindrod, which provides clearing and forwarding services, reported sterling results following a focus on quality service and constant customer engagement.

Having outgrown its four premises in Johannesburg, negotiations for the construction of a large, central facility in Woodmead were concluded at year-end, which will improve cost efficiency and control.

Grindrod Intermodal reported a net loss after tax, but decisive intervention by a new management team is targeting a turnaround in 2016. Following a back-to-basics approach, the business is being restructured to promote improved business performance.

The R200 million, state-of-the-art Denver facility was officially opened in June 2015, with the rail siding subsequently completed. The 130 000m² development includes 18 000m² undercover and mineral, container and transport yards.

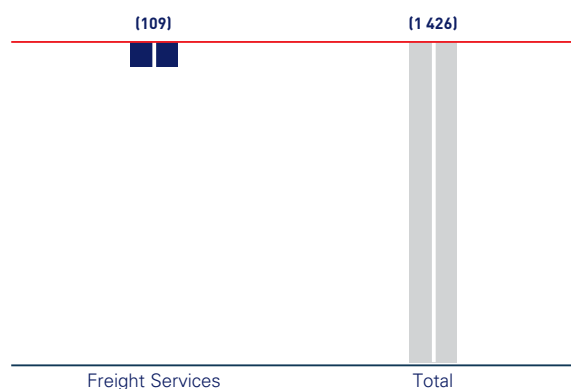
As with other Integrated Logistics businesses, management continues to focus on people issues, including the improvement of health and safety conditions.

Vanguard, a mature and respected brand in its business of transport, heavy-lift and relocation and installation, again posted solid earnings.

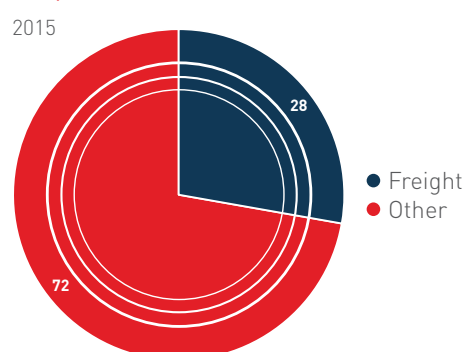
Agricultural Logistics, comprising Grindrod's investments in Senwes and NWK, reported significantly lower earnings as a result of the drought in South Africa and neighbouring countries. The long-term expectation for agricultural commodities remains strong and the businesses continue to investigate opportunities to improve logistics, consolidate activities and expand into Africa.

Industrial Logistics reported satisfactory performance despite the subdued market conditions experienced during the year.

Contribution to attributable loss (Rm)



Proportion of total assets (%)



OPERATIONAL REVIEW

continued



Shipping



KEY ACHIEVEMENTS | 2015

- Outperformed the major dry-bulk indices due to a combination of increased cargo base and improved fleet efficiency.
- Took delivery of seven (five in joint venture) owned and long-term chartered new-builds.
- Extended the three OACL sea routes to include Namibe and Cabinda in Angola.
- Maintained industry leading standards on health and safety, including zero oil spills in excess of one barrel per annum for the 10th consecutive year



KEY CHALLENGES | 2015

- Slowdown in dry-bulk seaborne trade and a resultant oversupply of cargo capacity.
- Managing counterparty risks in a challenging business environment.

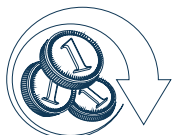


KEY FOCUS AREAS | 2016

- Maintain efficiencies in a difficult dry-bulk market which is at its worst levels since 1985.
- Continue to outperform the market by combining an extensive cargo base with a modern fleet of fuel-efficient ships.
- Continued emphasis on partner and customer relationships in order to increase market share and influence.



KEY RATIOS



(24.7)%

2014: **4.2%**

RETURN ON ORDINARY
SHAREHOLDERS' EQUITY



0.8%

2014: **1.0%**

MARGIN



0.38:1

2014: **0.51:1**

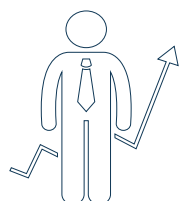
DEBT:EQUITY RATIO



(8.5)%

2014: **7.7%**

RETURN ON NET ASSETS



R(1 442 309)

2014: **R234 000**

(LOSS)/PROFIT PER EMPLOYEE*

* Calculated based on employee numbers at effective shareholding.

Key financial information

	2015 Rm	2014** Rm	Growth %
Income statement			
Revenue	22 058	22 106	(0.2)
EBITDA	662	639	3.6
Operating income	169	227	(25.6)
Attributable profit	(1 496)	224	(767.9)
Statement of financial position			
Non-current assets/investments	8 504	7 615	11.7
Current assets	2 696	3 568	(24.4)
Total assets	11 200	11 183	0.2
Equity	6 621	5 492	20.6
Net debt	2 521	2 776	(9.2)
Other liabilities	2 058	2 915	(29.4)
Total equity and liabilities	11 200	11 183	0.2

**Restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses.

OPERATIONAL REVIEW

continued

Shipping's results were reflective of the weak shipping market, especially the continual decline in the dry-bulk shipping rates, reaching unprecedented levels. The ship carrying values were significantly impacted, necessitating impairments.

The owned and long-term chartered shipping fleet grew from 35.5 to 37.2 vessels following delivery of seven eco-friendly supramax and handysize dry-bulk carriers (five in joint venture) and the sale of two handysize bulk carriers held in a joint venture and a 16 500 dwt product tanker. The last four of the six supramax and six handysize eco-friendly new-builds ordered from Japanese ship-builders in 2012/2013 and held in a three-way partnership will be delivered in 2016. In addition, two chartered eco-friendly supramax dry-bulk carriers are scheduled for delivery in 2016.

The investment in quality Japanese vessels ensures that Shipping remains in the lower cost quartile of the world's owners/operators and positions it positively both for a market recovery and increased stringency in environmental regulations.

Island View Shipping commercially manages the Grindrod dry-bulk fleet. Dry-bulk rates dropped sharply during the year to a 30-year low and 2016 is expected to be challenging due to high numbers of new building vessels scheduled for delivery in the first half of the year and slowing seaborne trade. Record scrapping of older vessels and anticipated large cancellations of the remaining new building order book are set to initiate a rebalance in the supply/demand equation.

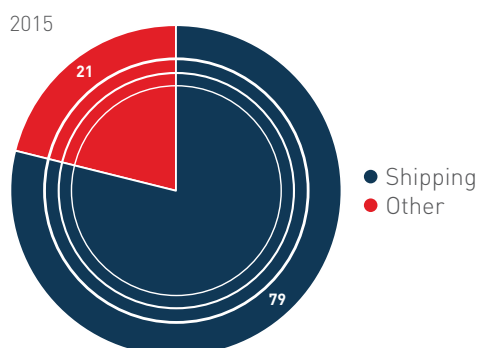
Unicorn Shipping reported a strong increase in earnings from its owned and long-term chartered tankers on the back of vastly improved demand for petroleum products as a result of the decline in oil prices. Rates were on average 51 per cent higher than in 2014.

Ship-operating services performed well as a result of solid customer commitments and an increase in cargo transported.

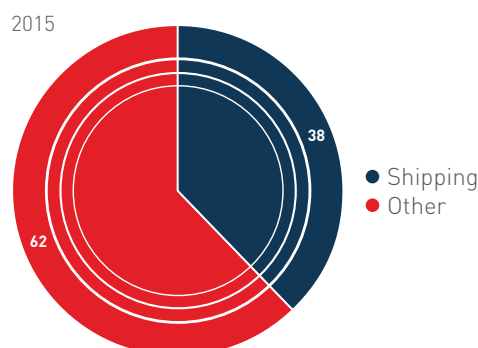
Seafreight, in addition to its main service that covers all major ports within Mozambique, South Africa and Namibia, extended its Southern African network by introducing a new Angolan feeder service from Walvis Bay serving the ports of Namibe and Cabinda. OACL expanded its landside operation in Durban, the container terminal operation at Maydon Wharf diversified into handling, warehousing and distributing break-bulk and bulk cargoes. OACL attributes its success to strong customer relationships and quality service delivery.

Cockett Marine Oil successfully implemented steps to further increase its market share, resulting in satisfactory results despite the reduction in seaborne trade and challenges with counterparties.

Contribution to revenue (%)



Contribution to EBITDA (%)





Analysis of long-term vessel earnings is summarised below:

	Bulk carriers			Tankers		2015 Total	2014 Total	Growth %
	Handy-size	Supra-max	Cape-size	Medium range	Small			
Average number of owned/long-term chartered ships ¹	16.4	4.5	2.0	9.5	3.9	36.3	35.4	2.5
Average daily revenue (US\$)	5 700	9 200	20 200	20 700	11 500	11 500	11 300	1.8
Average daily cost (US\$)	10 000	13 100	22 600	14 400	12 300	12 500	12 600	0.8
US\$ million profit ²	(25.7)	(6.3)	(1.8)	21.7	(1.1)	(13.2)	(17.2)	23.2

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 3 February 2016 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 2015 (US\$ per day)	Average spot rates 2014 (US\$ per day)
Handysize	2 996	4 500	5 750	5 388	7 681
Supramax	2 927	5 000	7 500	6 969	9 818
Capesize	2 775	5 500	9 500	6 997	13 800

Source: Clarksons Research – Shipping Intelligence Network.

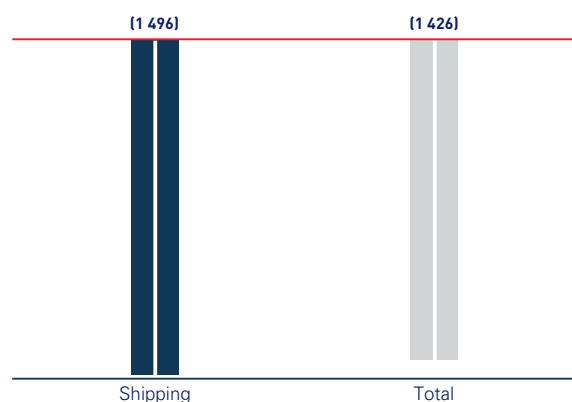
Tanker charter rates at 3 February 2016 were as follows:

	Spot rates (US\$ per day)	One-year time charter rates (US\$ per day)	Three-year time charter rates (US\$ per day)	Average spot rates 2015 (US\$ per day)	Average spot rates 2014 (US\$ per day)
Medium range	17 215	17 750	17 000	21 769	12 323
Small	12 303	12 500	12 000	12 208	**

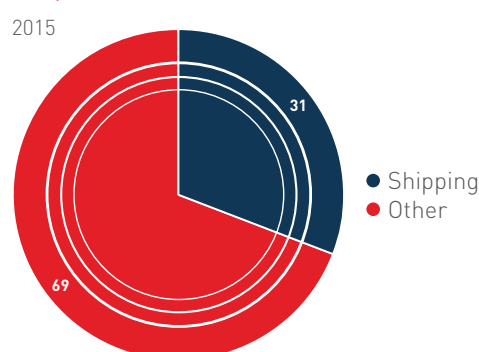
Source: Clarksons Research – Shipping Intelligence Network.

** Meaningful small tanker spot rates are not available.

Contribution to attributable loss (Rm)



Proportion of total assets (%)



OPERATIONAL REVIEW

continued



Financial Services



KEY ACHIEVEMENTS | 2015

- Exceeded budgeted net interest income by a large margin.
- Fees generated from stockbroking significantly ahead of budget.
- Above-target returns in all investment businesses in both Bank and Asset Management, contributing to an increase of 18.25% in earnings of R162.4 million (2014: R137.3 million).
- UK Property Fund has seen good growth.
- Retail retained the SASSA-cardholders as the SASSA contract remains with Net1 until March 2017 and also benefited from ATM acquiring through the roll-out of 810 ATMs by Net1 as the operator.
- Sound lending management resulted in a very low provision for bad debts.
- Solid growth in assets under management, from R13.7 billion to R15.7 billion, particularly in the CIS funds.
- Capital Markets took the first steps to position the CoreShares brand to become a significant ETF investment-product provider in the country.



KEY CHALLENGES | 2015

- Adjusting to the subdued economic activity by managing investment-product fees to remain competitive in a volatile market.
- Balancing the risks associated with credit provision with the increased cost of obtaining funding.
- Generating fees in Corporate Finance with reduced merger and acquisition activity.
- Implementing as cost-effectively as possible the implementation of sophisticated IT mechanisms required for regulatory reporting.

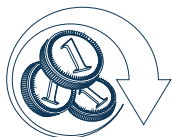


KEY FOCUS AREAS | 2016

- Market the Payers and Growers® strategies to retirement funds and financial advisers to significantly increase market penetration.
- Continue the Investment Banking growth curve, supported by solid income from the UK industrial property portfolio.
- Continue issuing EasyPay Everywhere debit cards, offering full transactional facilities, and optimise the ATM acquiring process.
- Grow the investments in the CoreShares ETF portfolio.



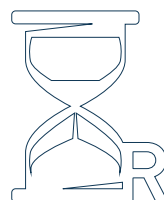
KEY RATIOS



18.8%

2014: 18.8%

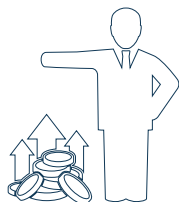
RETURN ON ORDINARY
SHAREHOLDERS' EQUITY



13.5%

2014: 13.0%

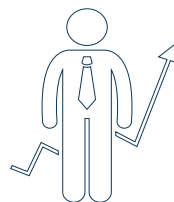
CAPITAL
ADEQUACY RATIO



14.6%

2014: 11.5%

GROWTH IN ASSETS UNDER
MANAGEMENT



R894 902

2014: R691 000

PROFIT PER EMPLOYEE

Key financial information

	2015 Rm	2014 Rm	Growth %
Income statement			
Revenue	453	377	20.2
EBITDA	255	175	45.7
Operating income	250	171	46.2
Attributable profit	165	112	47.3
Statement of financial position			
Non-current assets/investments	1 021	707	44.4
Bank loans, advances and liquid assets	5 887	4 245	38.7
Current assets	355	364	(2.5)
Net cash including debt	4 126	3 675	12.3
Total assets	11 389	8 991	26.7
Equity	1 236	998	23.8
Deposits	9 932	7 786	27.6
Other liabilities	221	207	6.8
Total equity and liabilities	11 389	8 991	26.7

OPERATIONAL REVIEW

continued

Investment Banking reported strong results in its UK industrial property portfolio following partnership commitments secured in 2014. Economic conditions for South African developments were challenging, but the business continues to investigate appropriate opportunities, geared to tenants' needs, in partnership with third parties where appropriate.

Capital Markets continued to grow assets under management through its CoreShares ETF portfolio and geared the offering for accelerated growth as a stand-alone venture by extending the shareholder base with two 25 per cent shareholders, RMI Holdings and Yellowwoods. Management will further develop the product suite and create an offshore ETF structure to achieve aggressive growth in this fast-growing global market. ETF investments grew from R597 million at year-end 2014 to R794 million at year-end-2015.

Treasury and lending services increased advances to R4.94 billion. Deposits grew 10.4 per cent to R6.07 billion, excluding SASSA. Returns were on target despite tighter margins than in 2014 at 24.9 per cent.

Corporate Finance experienced less activity in 2015 with a resultant drop in fees earned compared to the previous year.

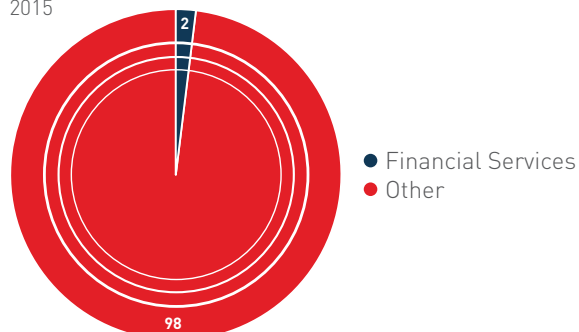
Retail, comprising mainly management of the SASSA payments to 10 million debit-card holders, reported solid results. It continues to issue EasyPay Everywhere debit cards with full banking facilities, in association with Net1, to broaden its product range. By year-end over 677 000 EasyPay Everywhere debit cards had been issued. The ATM business has bedded down well. The ATMs deployed are unique in that they offer the Grindrod Bank client base the ability to authenticate their transactions through fingerprint biometrics.

Grindrod Asset Management constructs portfolios using a range of asset classes including local and offshore equities, REITs and bonds, and cash and listed preference shares. Many of the portfolios are managed in accordance with a Payers and Growers® investment strategy that focuses on securities that have both a high current and anticipated future income yield. The portfolios continued to show consistent growth and delivery on their investment outcomes.

Stockbroking services, which include fund management and an on-line offshore trading platform performed well. Discretionarily managed assets under its control grew by 2.4 per cent to R730 million from R713 million in 2014.

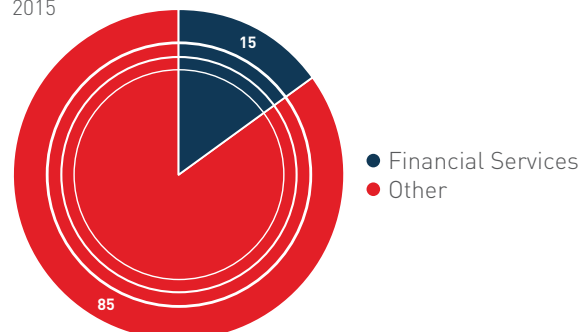
Contribution to revenue (%)

2015



Contribution to EBITDA (%)

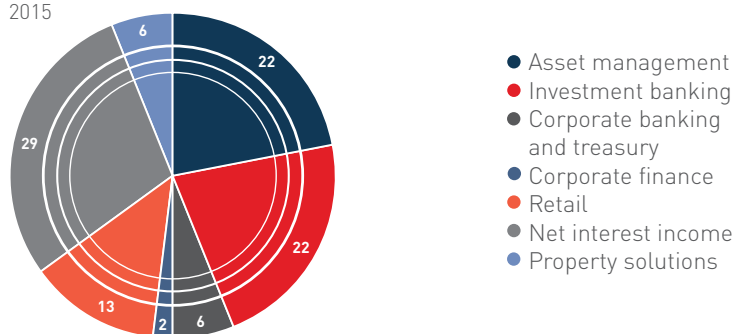
2015



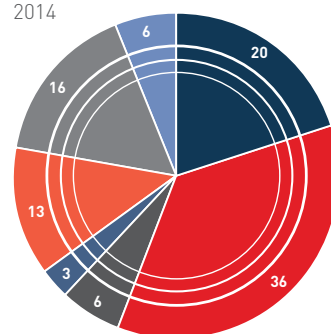


Financial Services – revenue by division (%)

2015



2014



Blue Fund targets sustainable projects

The Blue Fund, established by Grindrod Bank in partnership with Wildlands in 2014, supports projects which aim to promote sustainability in conservation. The trust, to which Grindrod also contributes, focuses on the conservation of coastal and marine ecosystems and the sustainable development of coastal communities.

African Penguins

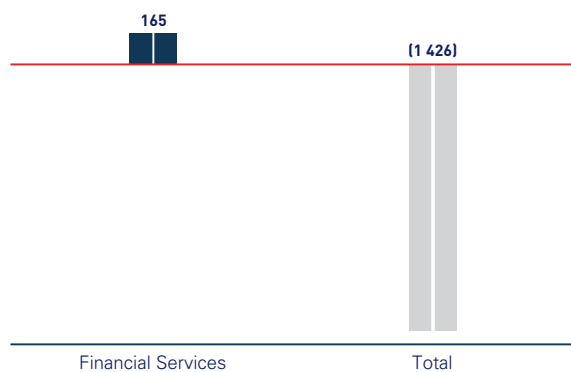
One project, which directly involves wildlife preservation, was the African Penguin and Seabird Sanctuary in Kleinbaai in the Western Cape. The sanctuary, planned and developed by the Dyer Island Conservation Trust,

opened its doors in March 2015, with the objective of rehabilitating and releasing injured or sick seabirds back into the adjacent ocean. Dyer Island is home to a collection of the endangered African Penguins.

With a motto that Every Bird Counts, the sanctuary has already successfully treated penguins with injuries caused by shark and seal bites and oil coatings. The first birds were released back into nature in July 2015.

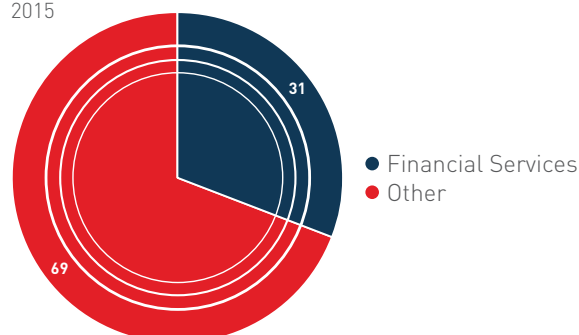
The sanctuary also provides educational services to visitors to Kleinbaai, which is a well-known destination because of Dyer Island and whale and shark cruises close to the island.

Contribution to attributable loss (Rm)



Proportion of total assets (%)

2015





Financial capital

'Any economic resource measured in terms of money which is used by businesses to buy what they need to make their products or to provide their services.'

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



KEY ACHIEVEMENTS | 2015

- Achieved positive headline earnings in all three divisions as a result of decisive actions to gear businesses to address market challenges.
- Maintained a healthy balance sheet from which to fund future business growth.



KEY CHALLENGES | 2015

- Countering negative markets to protect returns on investments through rationalisation, diversification and a relentless focus on cost containment.
- Managing cash flows in stressed business environments.
- Raising effective funding for ships purchased in credit-averse markets.
- Managing the effects and risks of exchange rate volatility.



KEY FOCUS AREAS | 2016

- Continue evaluating planned and existing capital investments against stringent viability parameters.
- Continue implementing measures to improve margins and infrastructure utilisation across all businesses.
- Assess business funding structures in conjunction with raising long-term debt.



More information on financial capital is available in the group financial director's report – page 54



Revenue ● **▽26.7%**

R10 192 million

2014: R13 912 MILLION

Revenue was lower due to reduced business activity in a subdued market

Headline earnings ● **▽23.4%**

R559 million

2014: R729 MILLION

Headline earnings fell due to lower revenues

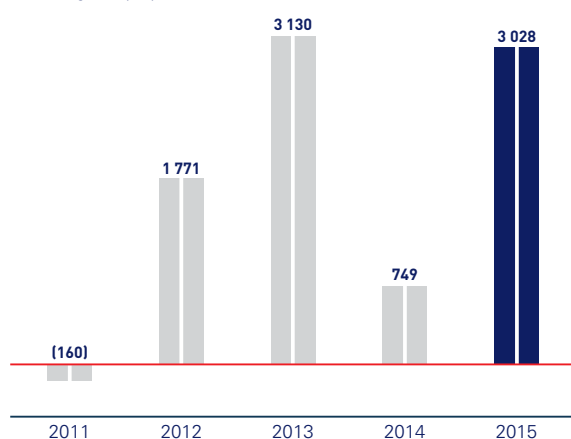
Cash from operations ● **△304.3%**
(excluding dual-purpose assets)

R3 028 million

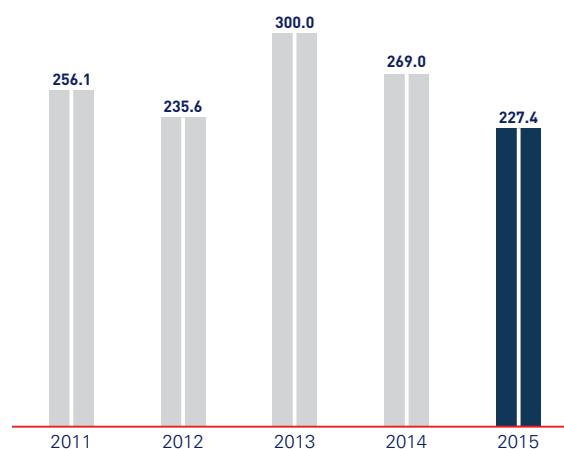
2014: R749 MILLION

Positive cash flow from operations was achieved through proactive management of group expenditure

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



EBITDA per share (cents)



* The 2014 consolidated statement of cash flow has been restated to disclose funds provided to joint venture as investing activities in terms of IAS 7: Statement of Cash Flows.

CAPITALS REVIEW

continued

119% R9.9bn

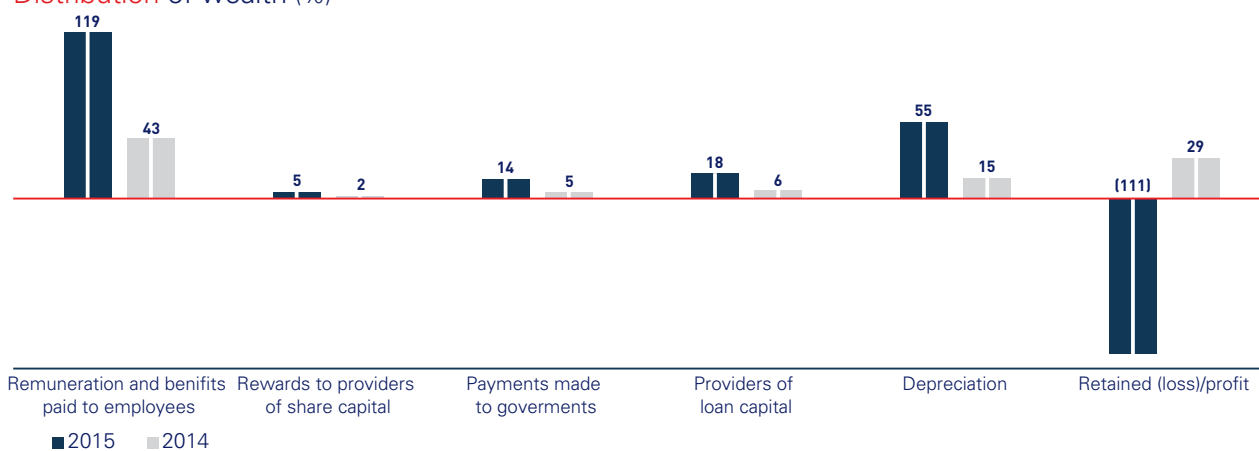
of wealth created distributed
to Grindrod employees

invested in capital assets in
the past five years

2014: 43%

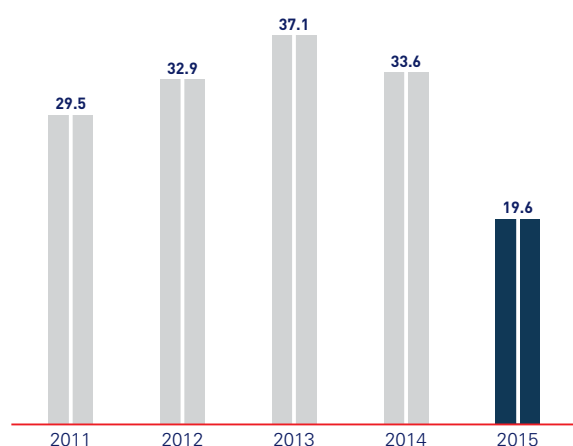
Value added

Distribution of wealth (%)

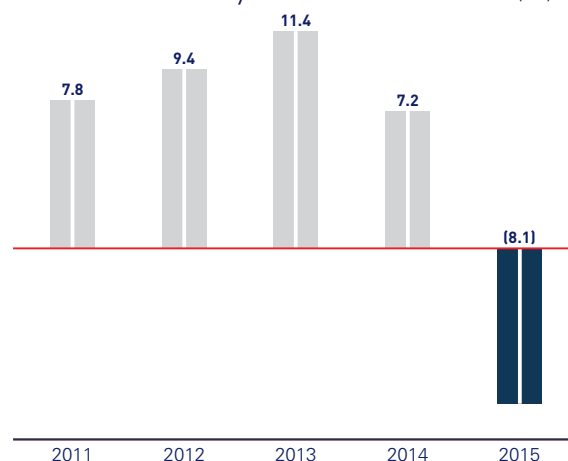


	2015 Rm	2014 Rm
Remuneration and benefits paid to employees	1 466	1 557
Rewards to providers of share capital	61	59
Payments made to governments	177	191
Providers of loan capital	220	217
Depreciation	675	547
Retained (loss)/profit	(1 365)	1 060
Total wealth distributed	1 234	3 632

Ordinary dividend per share (cents per share)



Return on ordinary shareholders' funds (%)

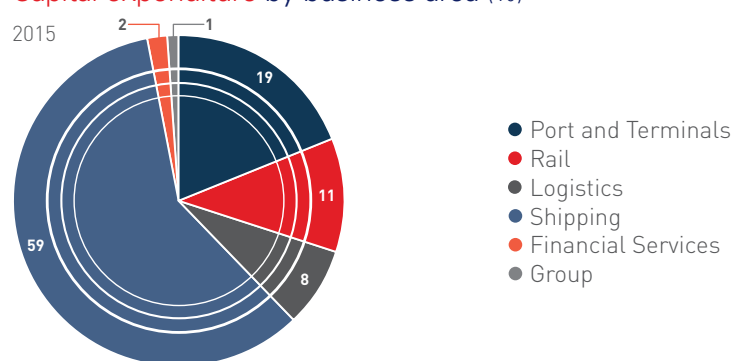


Capital investment

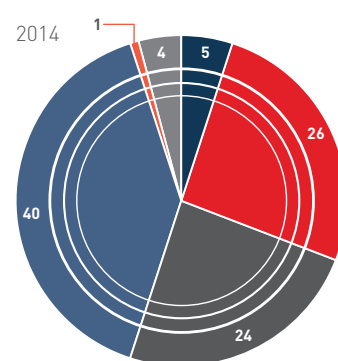
Grindrod measures the viability of capital investments against IRR investment hurdle rates and weighted average cost of capital to ensure alignment with market conditions and outlook.

Material capital investments are referred to a newly established investment committee which has a mandate to review applications for recommendation to the board.

Capital expenditure by business area (%)



R1 354 million



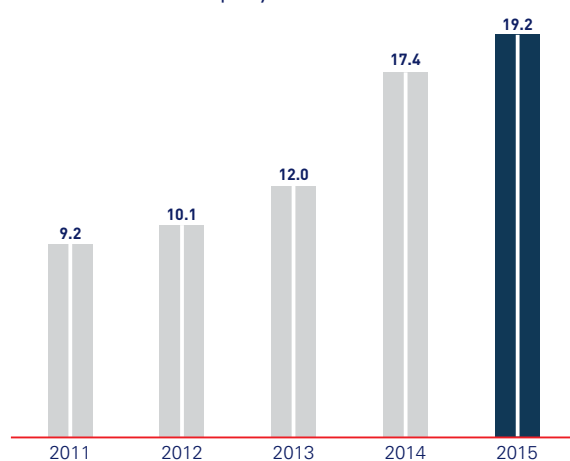
R2 448 million

	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011* Rm
Port and Terminals	252	120	309	189	137
Rail	146	648	231	574	21
Logistics	109	586	1 216	422	159
Shipping	805	981	923	591	996
Financial Services	22	15	136	66	1
Group	20	98	53	7	16
Total capital expenditure	1 354	2 448	2 868	1 849	1 330

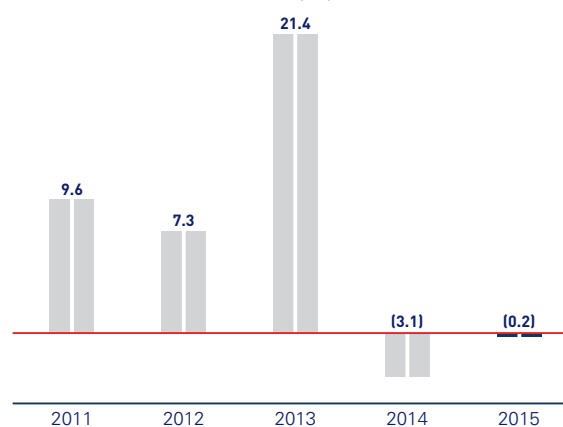
* Group includes Trading division. Information disclosed previously relates to capital expenditure in respect of subsidiaries.

The table above includes Grindrod's share of joint ventures and subsidiaries.

Shareholders' equity (Rbn)



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





Manufactured capital

'Goods and infrastructure that organisations own, lease or control to generate income.'

Grindrod's key investments in manufactured capital are in its port, terminals, rail, logistics and shipping infrastructure, and are aimed at improving its integrated value chain along logistics corridors in which it operates and expanding its reach into under- or non-utilised corridors.



KEY ACHIEVEMENTS | 2015

- Commenced the Maputo channel dredging and TCM berth deepening to accommodate fully laden panamax vessels.
- Commenced the extension of the Richards Bay Navitrade coal terminal capacity from 3.2 to 4.5 million tonnes, following the successful conclusion of a joint venture with BEE partner RBT Resources.
- Achieved a ten-fold increase in liquid-bulk vessel earnings on the back of strong demand for petroleum products.
- Took delivery of seven eco-friendly Japanese new-built dry-bulk vessels, which will further reduce average shipping emissions.
- Successfully completed the 130 000m² Denver Intermodal facility.



KEY CHALLENGES | 2015

- Optimising utilisation of infrastructure affected by depressed markets to protect margins.
- Mitigating the effect of cancelled, postponed or reduced orders in the rail business due to the adverse impact of weak markets on customers.
- Managing the dry-bulk fleet to minimise financial loss in a severely over-tonnaged market.
- Returning loss-making businesses to profit.



KEY FOCUS AREAS | 2016

- Project-manage infrastructure expansion projects to achieve sustainable returns.
- Improve asset utilisation.
- Maintain liquid-bulk returns in the buoyant sea-borne fuels market.
- Continue evaluating dry-bulk infrastructure utilisation against the Shipping risk model.
- Execute the Rail and Terminals strategies to grow infrastructure where viable and sustainable.



Terminals utilisation

▽ **42.5%**

Dry bulk 7.9mt; liquid bulk 219.8 thousand m³

2014: DRY BULK 13.8MT; LIQUID BULK 174.7 THOUSAND m³

Terminal utilisation was adversely affected by lower commodity demand in a low commodity price environment

Shipping fleet

△ **7 new builds**

37.2 vessels

2014: 35.5 VESSELS

Delivery of new eco-friendly vessels

Return on net assets

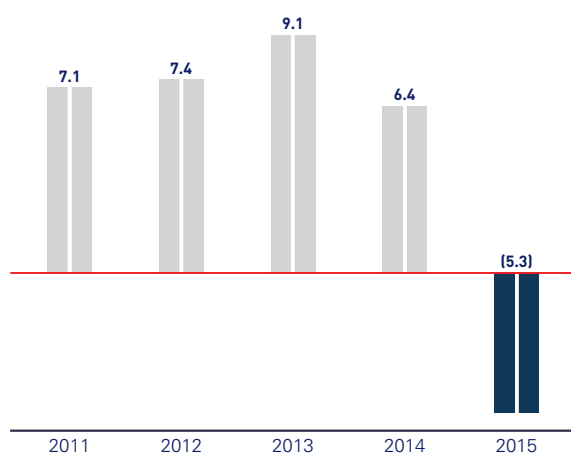
▽ **182.8%**

(5.3) per cent

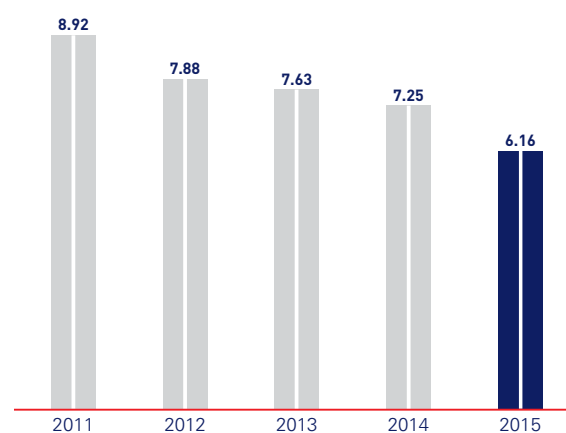
2014: 6.4 PER CENT

Return on net assets influenced by reduced revenues and associated reduced profits

Return on net assets (%)



Average age of shipping fleet (years)



More information on manufactured capital is available on the company website - www.grindrod.co.za

CAPITALS REVIEW

continued

Infrastructure review

Grindrod assets are managed to achieve optimum utilisation of its investments.

Planning and management do not centre around single investments – the value chain is planned, developed and expanded to ensure a smooth logistics flow from origin to destination, through corridors and across borders to ensure the sustainability of services to the benefit of provider and user.

Terminals capacity and utilisation

Note	2015	2014	% change	Existing capacity	Existing plus capacity under construction
Terminal					
Dry bulk (tonnes)	7 912 742	13 770 729	(42.5)	18 650 000	20 050 000
Matola coal and magnetite terminal	1	4 076 779	(13.7)	7 300 000	7 300 000
Richards Bay	1&2	3 892 742	(32.5)	6 100 000	7 500 000
Maydon Wharf (Durban)	3	824 896	(31.8)	700 000	700 000
Walvis Bay (Namibia)		291 450	15.2	550 000	550 000
Maputo terminal	1	4 684 862	(81.4)	4 000 000	4 000 000
Liquid bulk (m³)	219 848	174 671	25.9	280 000	325 000
Durban		99 150	(20.7)	140 000	185 000
Cape Town		75 521	86.9	140 000	140 000
Maputo automotive (number of vehicles)	33 436	60 888	(45.1)	120 000	120 000

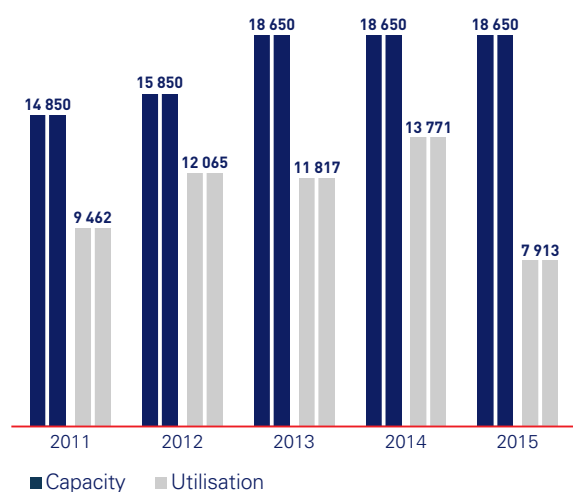
Notes:

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

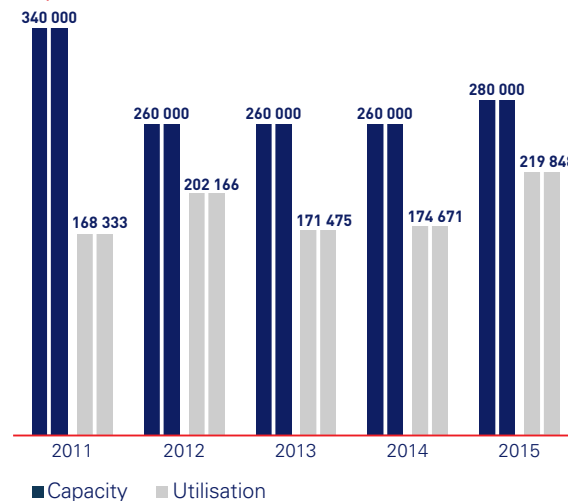
² Includes RBTG JV volume of 370 144 tonnes at 100% share.

³ Volume to the end of October 2015, the terminal was sold to OACL effective 1 November 2015.

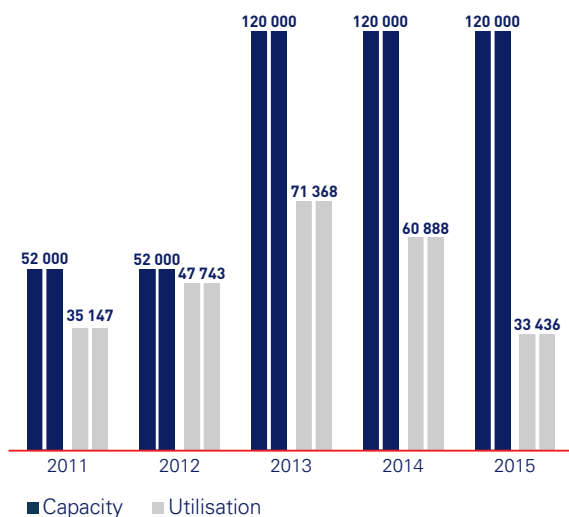
Dry-bulk terminals ('000 tonnes)



Liquid-bulk terminals (m³)



Car terminals (number of vehicles)

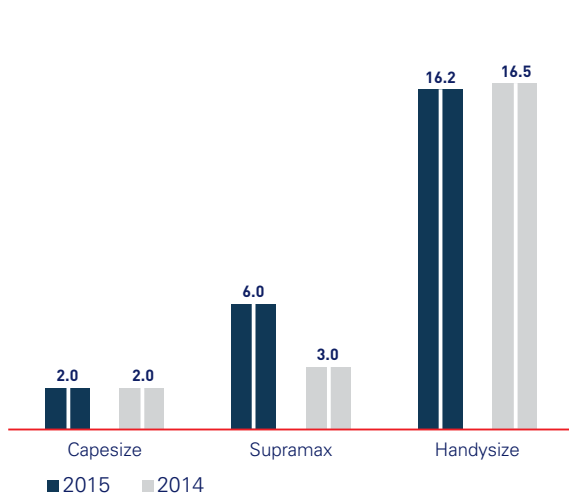


Total capacity			
	2015	2014	% change
Integrated Logistics – warehouse capacity			
Röhlig-Grindrod – warehouse capacity (m ²)	23 688	20 300	16.7
Intermodal – warehousing and mining minerals (tonnes)	174 000	174 000	–
Intermodal – container depot capacity (TEU)	27 500	27 500	–
Rail			
Locomotives manufactured and completed in the year	6	25	(76.0)
Locomotives held as assets*	83	76	9.2

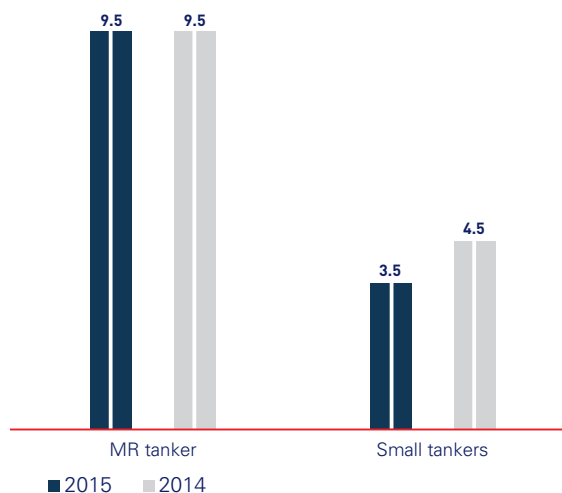
* Includes 27 locomotives (2014: 18) held in GPR Leasing JV.

	Number of vessels			Total capacity (dwt)		
	2015	2014	% change	2015	2014	% change
Shipping fleet (owned and long-term chartered)						
Bulk carriers	24.2	21.5	12.6	1 226 616	1 058 607	15.9
Tankers	13.0	14.0	(7.1)	492 700	509 200	(3.2)

Dry-bulk fleet (number of vessels)



Liquid-bulk fleet (number of vessels)





Intellectual capital

'The intellectual property or the knowledge within a business and the people who can exploit and increase it to gain a competitive advantage and grow the business.'

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



KEY ACHIEVEMENTS | 2015

- Promoted terminal utilisation under difficult market conditions through proactive collaboration with business partners.
- Exceeded global shipping spot-market rates through a proven business model developed by Shipping.
- Leveraged logistics synergies with customers to offer mutually beneficial products and services.
- Developed, marketed and grew niche financial investment vehicles that match and exceed industry benchmarks.



KEY CHALLENGES | 2015

- Implementing standardised drivers and measurements, aligned with the One Grindrod approach, to unlock the full potential of Grindrod human capital.
- Managing the continued implementation of a shared-services model to streamline processes and drive cost reduction through improved business efficiencies.



KEY FOCUS AREAS | 2016

- Continue the proactive approach to leadership, management and employee development to match business objectives with skills requirements.
- Continue exploring intellectual synergies within the group to build skills across businesses.



More information on intellectual capital is available on the company website - www.grindrod.co.za



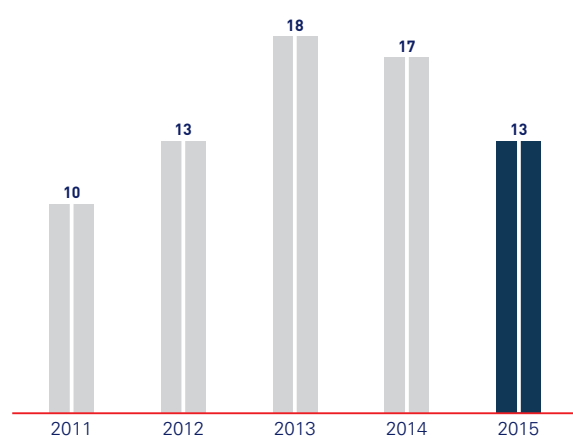
Skills development

Training and development comprise formal training, professional development and on-the-job coaching, internally and through external service providers.

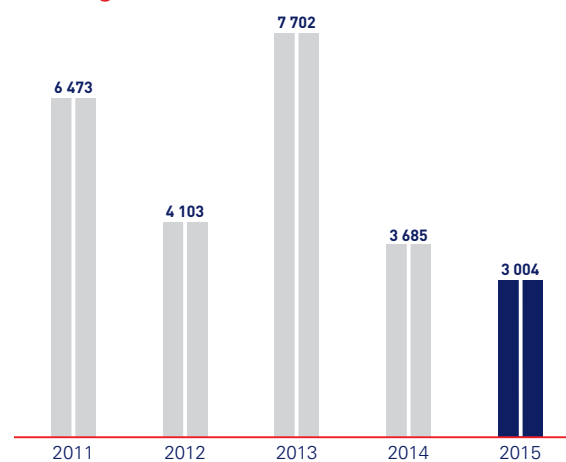
Training spend in 2015 amounted to R12.9 million (2014: R17.4 million).

	2015	2014	% change
Training interventions attended	3 685	3 456	6.6
Percentage of interventions attended by designated group employees	85	86	(1.2)
Learners attending learnership programmes	228	204	11.8
Percentage of learners from designated groups	82	76	7.9

Training spend (Rm)

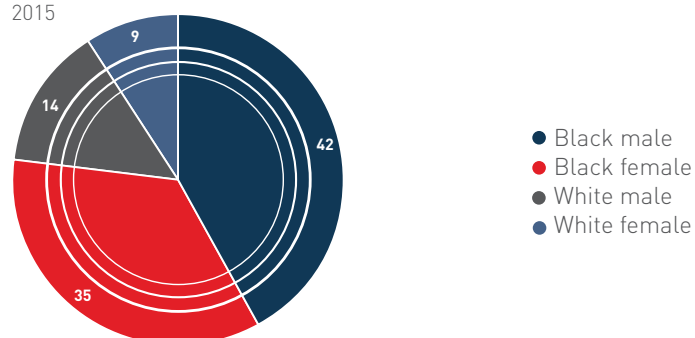


Training courses attended (number)



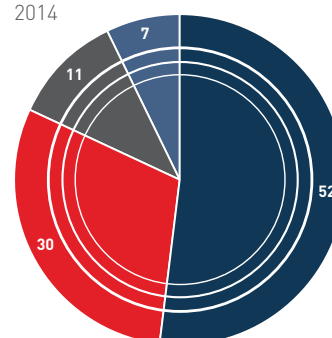
Training spend by demographic grouping (%)

2015



R12.9 million

2014



R17.4 million



Human capital

'The collective knowledge, talents, skills, experience, judgement and wisdom of a grouping of individuals which determines the total capacity of the group to accomplish goals.'

Grindrod employees represent a diverse and rich population and the company invests in human capital in order to improve people's ability to achieve their business objectives and improve their professional, personal and social skills.



KEY ACHIEVEMENTS | 2015

- Improvement in Freight Services LTIFR rate, from 0.86 per 200 000 hours worked in 2014 to 0.67 and Shipping LTIFR rate from 0.26 to 0.09.
- Good progress with restructuring HR functions across businesses to a fit-for-purpose model, aligned with group strategy and objectives.
- Redesigned some 40 business processes to ensure quality HR service to businesses.



KEY CHALLENGES | 2015

- Focusing on the enforcement of safety principles and procedures to address recurring safety violations.
- Migrating HR records of all wholly owned business employees to Shared Services.
- Managing the impacts of employee retrenchments in restructured businesses.



KEY FOCUS AREAS | 2016

- Continue entrenching safety standards, processes and adherence across the group.
- Continue to embed the HR Shared Services model.



More information on human capital is available on the company website - www.grindrod.co.za

Total employees **▽ 6.2%**
7 044 employees
 2014: 7 506 EMPLOYEES

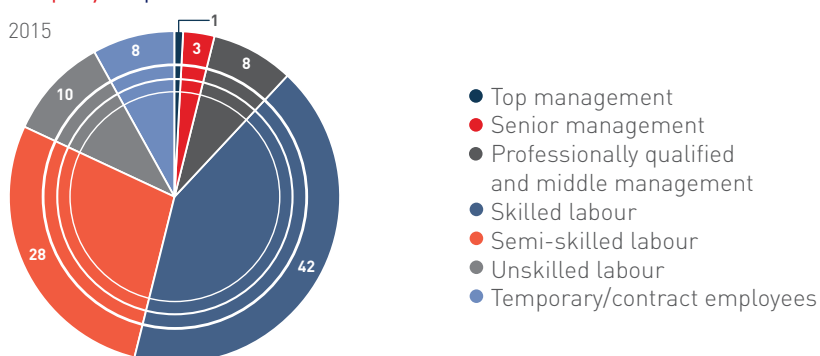
Employee numbers reduced
 due to business rationalisation

Human Resource Services provides support to businesses across the group in their management of industrial relations, talent management and performance and reward processes and provides payroll processing within a predominantly shared services model. This approach, in which subject experts assist with design and implementation, promotes cost reduction, standardises employment practices across group businesses and supports the One Grindrod objective in all people issues.

Employee complement

Country	2015	2014	% change
South Africa	4 504	4 960	(9.2)
Rest of Africa	1 785	1 889	(5.5)
Asia	607	524	15.8
Middle East	55	38	44.7
Europe	46	50	(8.0)
North America	5	7	(28.6)
South America	13	8	62.5
Australia	29	30	(3.3)
Total	7 044	7 506	(6.2)

Employee profile (%)



CAPITALS REVIEW

continued

Zero

LTIFR maintained
in Financial
Services

SHERQ

22.0%

0.67

2014: 0.86

Improvement in
Freight Services
LTIFR

65.0%

0.09

2014: 0.26

Improvement
in Shipping
LTIFR

The sustainability strategy comprises two main pillars; the entrenchment of integrated management systems based on ISO 9001, ISO 14001 and OHSAS 18001 and improved sustainability reporting.

Good progress was made and continued focus will be placed on further embedding sustainability in the strategy of the company.

Safety and health

Grindrod reported two fatalities in 2015:

- A Rail employee at the Beitbridge station who was working under a broken railway wagon during a shunting operation.
- A security guard who was trapped between two trucks at the access gate to the Intermodal terminal in Bluff Road in Durban.

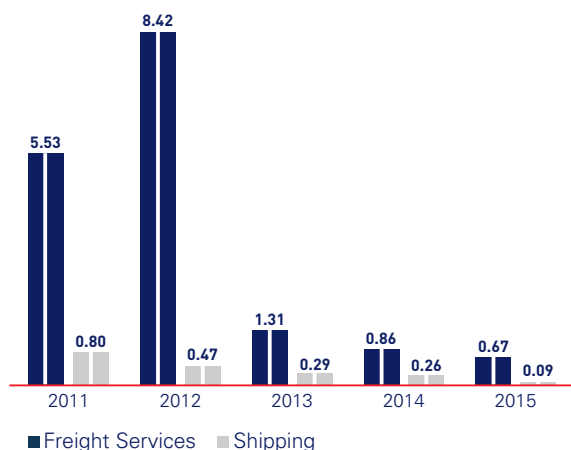
Safety management is strengthened by executive involvement in safety structures and procedures through the SHERQ management committee, chaired by the group CEO, and management involvement in divisional SHERQ committees.

At businesses, safety is guided by monthly meetings, from shopfloor to management level, and the incorporation of safety as a KPI at management level. Contractor safety is monitored through a structured on-line tool and contractor safety statistics are included in the Grindrod database.

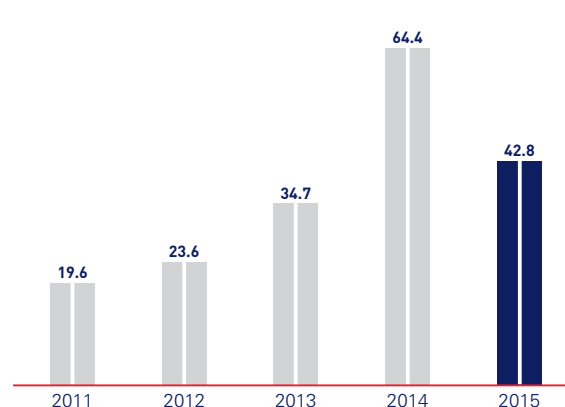
A series of workshops, funded by a UK investor, which also attends all group SHERQ meetings, helped the group restructure its safety and quality systems and processes in line with international benchmarks.

The achievement of 0.09 LTIFR in Shipping was better than the target of 0.4, but several small injuries in Rail Manufacturing caused the Freight Services LTIFR to be 0.67 against a target of 0.50. The entrenchment of safety processes and adherence will be continued in 2016 to achieve target, and special attention will be given to man-machine interface, which was the cause of the two 2015 fatalities.

LTIFR (%)



SHERQ spend (Rm)





Key performance indicators	2015	2014	2013	2012	2011
Freight Services					
SHERQ spend (R000)	27 575	56 545	22 896	17 326	15 182
Medical treatment cases	128	114	156	125	85
Lost-time incidents	58	68	109	120	74
Fatalities	2	1	2	2	1
LTIFR	0.67	0.86	1.31	8.42	5.53
Shipping					
SHERQ spend (R000)	15 262	7 842	11 828	6 287	4 380
Medical treatment cases	–	–	2	6	7
Lost-time incidents	3	8	8	2	3
Fatalities	–	–	–	–	–
LTIFR	0.09	0.26	0.29	0.47	0.88
Financial Services					
SHERQ spend (R)	24 099	5 546	–	–	–
Medical treatment cases	–	2	–	–	–
Lost-time incidents	–	–	–	–	–
Fatalities	–	–	–	–	–
LTIFR	–	–	–	–	–

Transformation

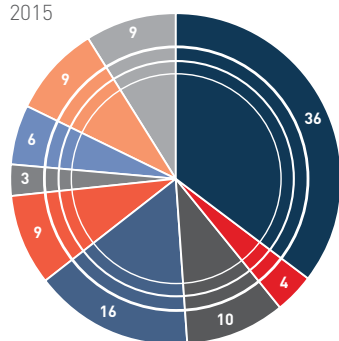
Good progress was made in improving transformation at board level, through the appointment of Ms Bongiwe Ntuli, the Executive: CEO Port, Terminals and Rail as an executive director. At senior management level, Thabo Moabi was appointed as the Group HR Manager.

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

Grindrod maintains several initiatives to internally develop designated graduates and high-potential employees to progress into management.

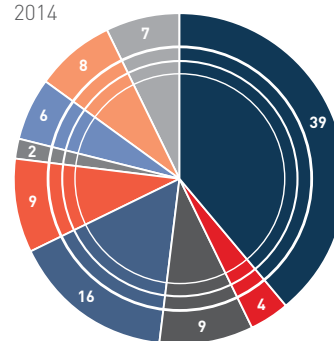
Demographics (%)

2015



- African male
- Coloured male
- Indian male
- White male
- African female
- Coloured female
- Indian female
- White female
- Foreign nationals

2014





Social and relationship capital

'The value an organisation builds through engagement and information-sharing with stakeholders to achieve mutual well-being.'

Grindrod recognises that engagement facilitates trust and understanding, which enhances the ability of all stakeholders to achieve their objectives in a mutually beneficial way.



KEY ACHIEVEMENTS | 2015

- Good collaboration with rail resources providers.
- Effected meaningful and extensive engagement with resource providers to facilitate mutually beneficial agreements regarding Richards Bay Navitrade terminal volumes.
- Established solid business relationship with Bolloré Group, with significant presence in the West Coast of Africa.
- Increased interaction with key strategic stakeholders to improve understanding of business challenges and objectives.
- Sound results from Grindrod's investment in social responsibility projects, including the educational outreach run in conjunction with its strategic business partner, Adopt-a-School.
- One of Grindrod's adopted schools, Hlahlindlela High School, achieved a 94 per cent matriculation pass rate in 2015, a significant improvement from 74 per cent in the previous year.



KEY CHALLENGES | 2015

- Meaningful engagement with all stakeholders to improve infrastructure utilisation.
- Structuring fees to achieve mutually beneficial logistics solutions that improve customer sustainability during severe economic restrictions.



KEY FOCUS AREAS | 2016

- Continue meaningful engagement with all stakeholders to promote understanding of the business and its challenges.
- Drive improved engagement with suppliers and customers through implementing further functionality within the SAP ERP systems environment.
- Promote improved ESG reporting through structured engagement with analysts and investors.
- Continue pursuing investments in meaningful education- and conservation-related projects.



More information on social and relationship capital is available on the company website - www.grindrod.co.za

Stakeholder engagement

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

Stakeholders and engagement objectives comprise:

- **17 959 ordinary** and **2 037 preference shareholdings** and the **investment community** – communications and meetings about financial and operational news.
- **7 044 employees** on six continents – continuous engagement on business performance, career and personal growth.
- **15 unions** and **three bargaining councils** – maintaining an open-door policy with unions (to which 29.0 per cent of employees belong) and bargaining councils (12.4 per cent).
- **Almost 3 000 customers** within integrated supply chains – engaged through events and written communication to ensure that Grindrod strategies and operations remain aligned to customer requirements and delivery expectations.
- **In excess of 5 000 suppliers** in the procurement chain – personal engagement and news updates to ensure that procurement is managed transparently and optimally.
- **37 countries**, each with local and national governments, infrastructure authorities, governing bodies and labour and social requirements – engagement to promote and maintain sustainable and mutual value-addition.

Coastal marine conservation

Grindrod donated R400 000 towards the Ocean Stewards Programme, an investment in the future of marine science. The programme gave sixteen final-year and honours students from disadvantaged backgrounds the opportunity to get practical catalytic marine science exposure under the guidance of marine scientists and sector managers. As is the case with all programme initiatives, the project supports both vital marine research off the South African coastline and the objectives of Operation Phakisa, a government initiative.

Social responsibility

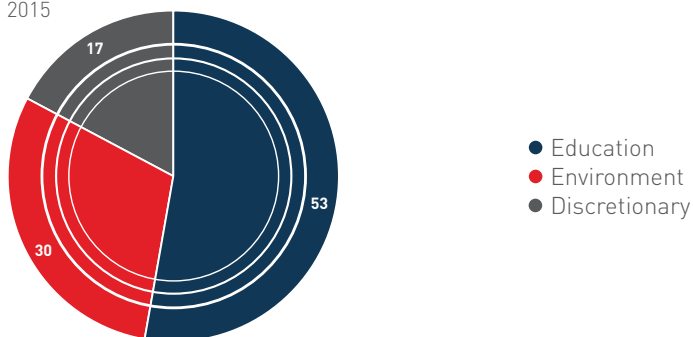
Grindrod social investment is traditionally focused on education projects in previously disadvantaged communities.

Education projects are funded mainly through its empowerment partner Adopt-a-School, a non-profit organisation that selects deserving schools to be adopted for a five-year period. Grindrod contributes to improved tuition and infrastructure at four adopted schools.

The company also supports external and internal bursary schemes and the READ Education Trust.

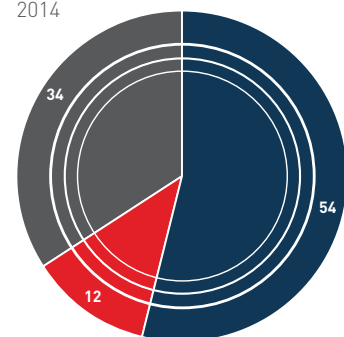
Social responsibility spend (%)

2015

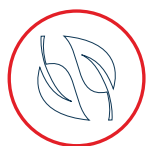


R7.3 million

2014



R14.9 million



Natural capital

'The world's stocks of natural ecosystems and assets which include geology, soil, air, water and all forms of life.'

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



KEY ACHIEVEMENTS | 2015

- Achieved a score of 96 in the 2015 Carbon Disclosure Programme (CDP), well above the 84 average, and matched the average C climate performance band.
- Fitted variable-frequency drives to four vessels to reduce energy use on electric pumps and motors, bringing the number of vessels with these devices to eight.
- No oil spills in excess of one barrel (158 litres) per annum at sea.
- Decrease in normalised overall group emissions per rand revenue to 17.17 CO₂-e (grams), in line with Vision 2020 objectives.



KEY CHALLENGES | 2015

- Finding appropriate waste-management solutions for all waste streams.
- Driving programmes to reduce the use of scarce resources and finding sustainable renewable energy resources.
- Maintaining legal compliance in an evolving regulatory environment.



KEY FOCUS AREAS | 2016

- Ensure that all businesses have ISO-compliant integrated management systems in place.
- Improve environmental awareness through focused employee interventions.
- Reduction in water consumption and improved waste recycling.
- Focus on the achievement of Vision 2020 climate change targets.
- Improved sustainability reporting.
- Finding sustainable renewable energy resources.
- Develop implementation of Sustainable Development Goal 6, 7, 13 and 14.



More information on natural capital is available on the company website - www.grindrod.co.za



Vision 2020

Tangible targets have been included in the Grindrod environmental and climate-change policy, encapsulated in a policy document, **Vision 2020**, approved by the board.

The policy, available on the company website, confirms that Grindrod operations impact on the environment and that it aims to conserve natural resources, maximise eco-efficiency, reduce waste and climate-change impacts and prevent pollution.



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

Vision 2020 targets	Base year	Base value	2015 target	2015 actual	Performance
Reduce by 10 per cent normalised overall group emissions CO ₂ -e (grams) per rand revenue.	2010	9.8	9.3	17.2	A decline in revenue resulted in an increase in normalised group emissions.
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	9.9	10.2	GHG emissions reduced but above target due to increased usage of MDO and HSF0.
Reduce by 10 per cent land-based diesel-vehicle GHG emissions per kilometre on average.	2012	1.4	1.3	1.1	Grindrod Freight Services implemented a fleet replacement policy. This led to a reduction in fuel consumption due to improved fuel efficiency.
Reduce by 20 per cent normalised land-based Scope 2 electricity usage by machinery and in buildings owned by Grindrod.	2010	3 736	3 362	2 706	More effective use of electricity offset by an increase in employees since 2010 has resulted in a reduction in normalised electricity use.
Source at least 5 per cent of total energy usage from renewable sources.		–	2.5	–	Investigations into commercially viable opportunities are underway.

CDP

Grindrod subscribes to the international CDP. The programme rates participants on:

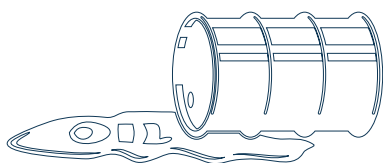
- The level of transparency in disclosure, for which Grindrod was rated 96 out of 100, well above the programme average 84 rating and exceeding the industry average of 91.
- The level of effectiveness in addressing climate risk. Scores range from a level of E to A for top performers. Grindrod was rated C, in line with the 2015 programme and industry averages and one level better than its 2014 rating.

CAPITALS REVIEW

continued

Zero

sea oil spills in excess of one barrel per annum for 10th consecutive year



8.3%

increase in total
GHG emissions
(CO₂ equivalent)

480 782

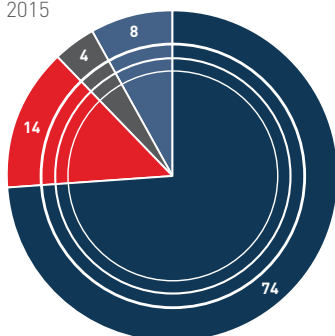
2014: 443 911

Key performance indicators

Key performance indicator	2015	2014	2013	2012	2011
Total water usage	277 523	219 507	227 156	191 529	180 824
Total solid and liquid waste generated (tonnes)	9 948	10 889	14 328	10 562	7 471
Electricity efficiency (kWh per Full-time Equivalent)	2 706	2 942	2 791	3 093	3 445
SOx emitted (tonnes)	4 922	5 006	4 988	4 393	2 370
NOx emitted (tonnes)	10 302	10 138	10 324	7 449	6 378
Scope 1 and 2 GHG emissions (tonnes CO ₂ -e)	461 961	431 665	501 275	407 211	364 764
Total GHG emissions including scope 3 (tonnes CO ₂ -e)	479 847	443 911	512 376	418 957	374 924

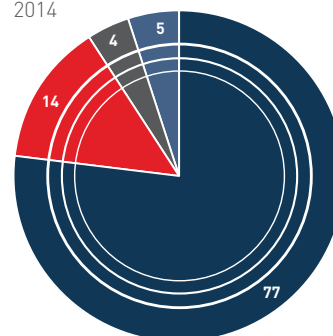
Grindrod's carbon footprint (%)

2015

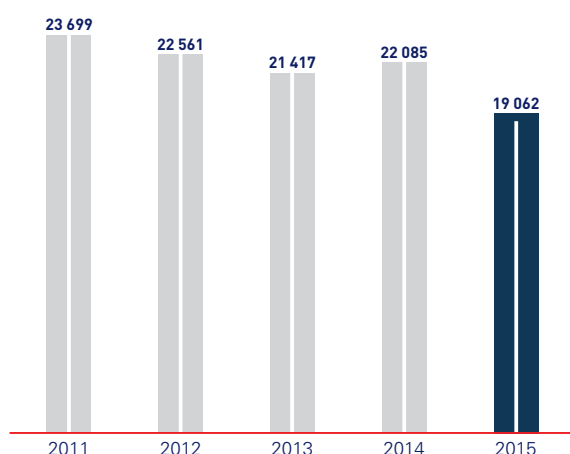


- Combustion of marine fuels in ships
- Land-based combustion of diesel and petrol
- Electricity
- Other

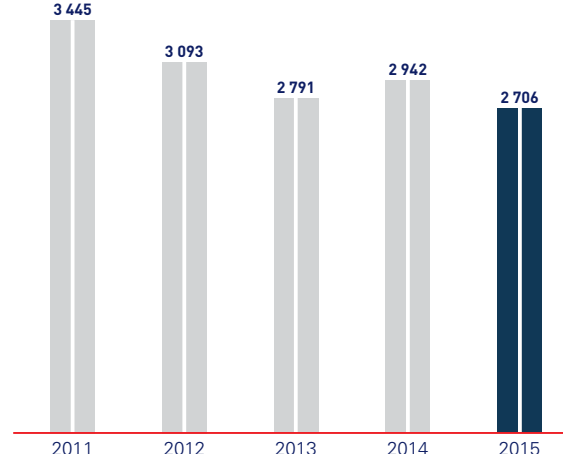
2014



Total electricity usage (MWh)



Energy efficiency (electricity kWh/FTE)



8.0%

decrease in
energy efficiency

2 706 kWh per FTE

2014: 2 942 kWh PER FTE

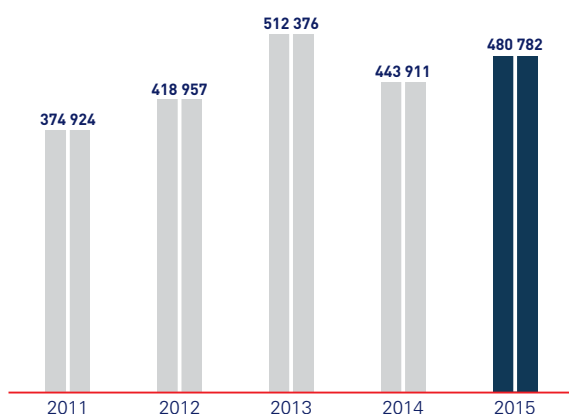
34.5%

increase in normalised
water consumption

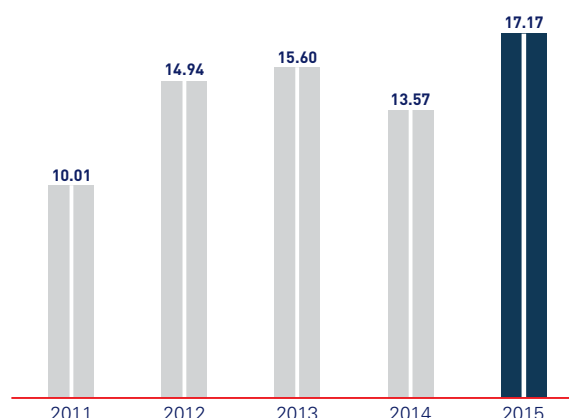
2015: 39 kl per FTE

2014: 29 kl PER FTE

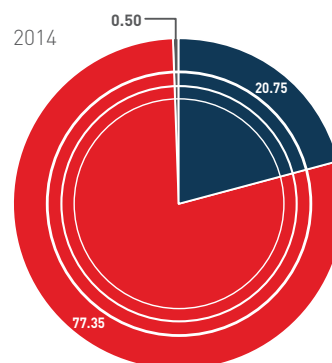
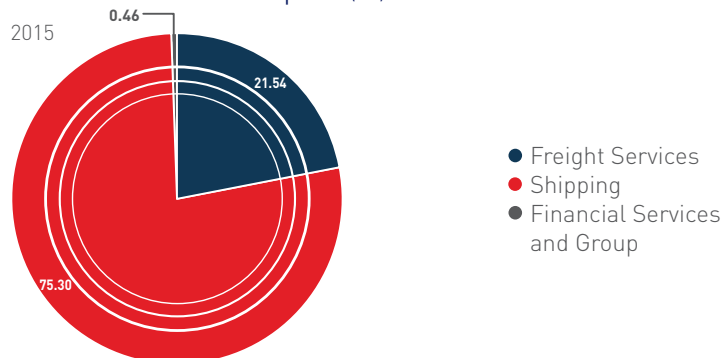
Total GHG emissions (CO₂ equivalent)



GHG emissions intensity
(grams CO₂ per rand revenue)

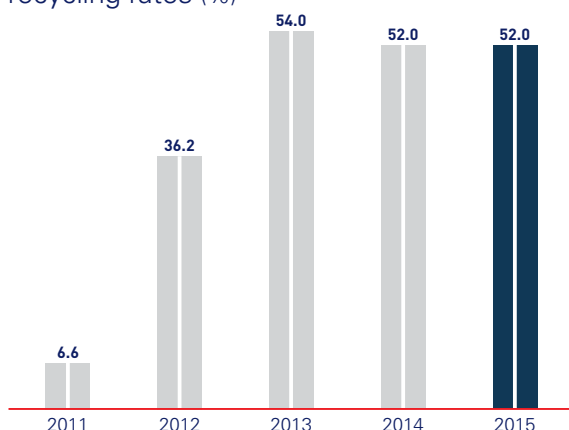


Divisional carbon footprint (%)

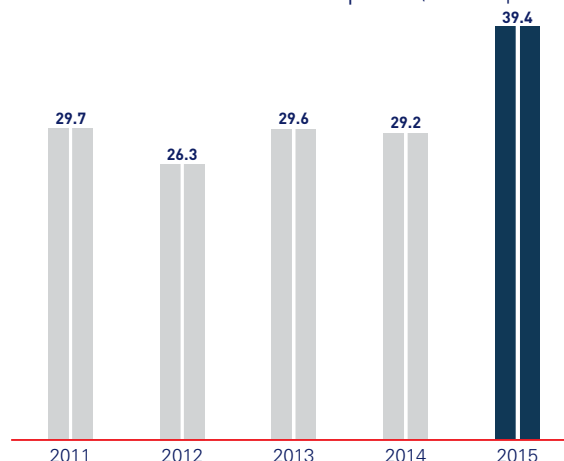


Water and waste

Land-based non-hazardous solid waste
recycling rates (%)



Normalised water consumption (kilolitre per FTE)



GROUP FINANCIAL DIRECTOR'S REPORT

In 2015, Grindrod focused on mitigating the adverse impacts of subdued market conditions on business performance and shareholder value



Financial strategy

Grindrod remained focused on addressing the impact of market conditions on business performance and protecting shareholder value as the economy failed to recover.

Strategic financial focus was given to:

- implementing cost restructures through consolidation of businesses and services;
- improving returns from restructured businesses;
- increased focus on cash management; and
- rigorous assessment of capital expenditure proposals.

Group earnings

Statutory group revenue was 26.7 per cent lower at R10.2 billion (2014: R13.9 billion) largely as a result of the R4.0 billion contributed by the agricultural commodity trading business closed in the prior year. Earnings before interest, taxation, depreciation and amortisation (EBITDA) of R1 098.9 million was 6 per cent lower than the prior year R1 166.0 million. Headline earnings declined by 23.4 per cent to R558.8 million (2014: R729.4 million).

The fall in results reflects the decrease in volumes and margins in a number of the group's businesses despite the full year ownership, following the acquisition in the prior year, of the shares held by the group's long-term B-BBEE partners Calulo.

The depreciation and amortisation charge in group was higher in the current year largely due to the effect of currency and the increased asset base as a result of the abovementioned acquisitions.

Non-trading items were incurred as a result of the persistent decline in the dry-bulk shipping rates to unprecedented lows and the decline in volumes on the back of depressed commodity prices.

Adjustments to fair value necessitated impairments of R2 214.0 million, an impairment of US\$100 million (inclusive of joint ventures) against the carrying value of ships and impairments in mineral and rail businesses of R612 million. Non-trading items also include the profit following the successful conclusion of a joint venture with BEE partner RBT Resources, whilst prior year earnings benefited by R430.6 million raised on change of control in the Calulo BEE joint ventures.

The effective tax rate excluding non-trading items, inclusive of joint ventures and associates, increased from 23.2 per cent to 27.3 per cent largely due to the unshielded shipping losses and withholding taxes on foreign dividends.



As a result of the significant impairments, the group reported an attributable loss of R1 426.5 million for the year ended 31 December 2015 (2014 Profit: R1 001.2 million).

During the prior period the company issued 161 288 000 million shares and therefore applied a weighting based on the timing of the issue. This resulted in an increase of 10.8 per cent in the weighted average shares in issue to 751 452 060 (2014: 678 348 425). As a consequence of the timing of the issue and impairments raised, a basic loss per share of 189.8 cents was reported (2014: Earnings 147.6 cents).

For an analysis of the income statement in the manner in which management reviews the results on a monthly basis (i.e. proportionate basis), refer to the segmental report on pages 14 and 15 of the consolidated annual financial statements.



Statement of financial position

With total assets of R36 456.8 million (2014: R32 857.2 million) and no net debt (2014: no net debt), the group's financial position remains strong. Book net asset value per share is 2 450 cents (2014: 2 227 cents).

Shareholders' equity increased to R19 146.2 million (2014: R17 432.3 million) largely as a result of a gain in the foreign currency translation reserve offsetting the attributable loss. The net increase of R3 401.8 million to the foreign currency translation reserve was due to the weakening of the Rand/US dollar exchange rate from R11.57/US\$ to R15.60/US\$ on Grindrod's substantial dollar assets.

Borrowings, cash flow and liquidity

Long-term debt increased by 9 per cent to R2 860.1 million (2014: R2 626.0 million) due largely to the impact of foreign denominated debt. Short-term borrowings and overdraft declined by 18 per cent resulting from effective cash management following equity raise.

Cash and cash equivalents, excluding Financial Services, decreased by 4 per cent to R3 244.0 million (2014: R3 386.5 million). Total bank and cash increased by 13 per cent to R8 393.3 million (2014: R7 404.9 million) arising from increased deposits in the Financial Services division.

Cash generated from operations was R1 412.6 million (2014: R1 842.0 million). Working capital contributed to a net inflow of R221.7 million (2014: R619.2 million net inflow).

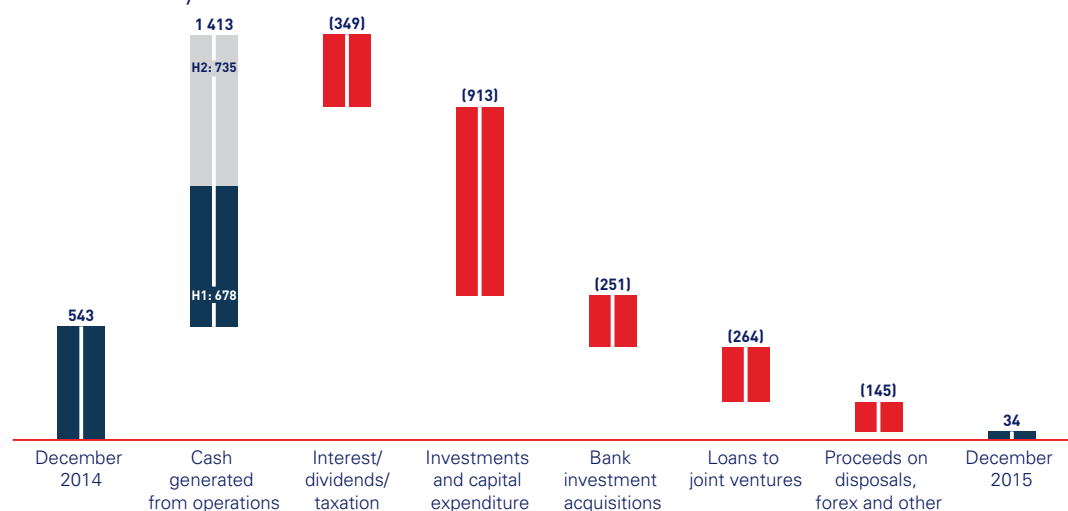
Proceeds of R158.4 million were received in 2015 (2014: R234.3 million) on the disposal of ships.

Loans to joint ventures of R264.0 million (2014: R327.5 million) were advanced during the year.

Dividends of R355.6 million (2014: R265.4 million) were paid to ordinary and preference shareholders.

After investments and capital expenditure, the group continued to maintain a net cash position of R33.9 million (2014: R542.7 million).

Net debt analysis



GROUP FINANCIAL DIRECTOR'S REPORT

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 354 million (2014: R2 448 million), of which 78 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the acquisition of dry-bulk ships ordered in 2013, a product tanker acquired against long-term contracted employment and locomotives.

Capital commitments of R1 179.0 million were approved as at 31 December 2015 (2014: R955.0 million). The commitments are for the completion of the berth deepening at Maputo Port, integrated logistics facility, and the final payments on the newbuilding ships.

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

Capital expenditure		Capital commitments				Split as follows	
R million	2015	2016	2017	2018+	Total	Approved and not contracted	Approved and contracted
Freight Services	507	288	122	7	417	218	199
Port and Terminals	252	195	3	4	202	184	18
Rail	146	88	5	–	93	34	59
Carrier Logistics	52	–	–	–	–	–	–
Integrated Logistics	57	5	114	3	122	–	122
Shipping	805	762	–	–	762	106	656
Dry-bulk	544	348	–	–	348	–	348
Tankers	261	414	–	–	414	106	308
Financial Services Group	22	–	–	–	–	–	–
	20	–	–	–	–	–	–
	1 354	1 050	122	7	1 179	324	855
Split as follows:							
Subsidiaries	913	527	117	2	646	106	540
Joint ventures	441	523	5	5	533	218	315

The capital commitments table includes R533.0 million (2014: R709.0 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\$820.1 million (2014: US\$830.1 million) net assets based outside of South Africa with US dollar cost bases, generating US dollar revenues. The Rand weakened from R11.57/US\$ to R15.60/US\$ as at year-end and an average rate of R12.78/US\$ for the year. Foreign exchange risks are monitored and mitigated in terms of approved policies.

Taxation

At the beginning of 2016 the group tax compliance and tax risk management policy was approved by the audit committee. The policy aims to ensure that the group complies fully with the tax laws and regulations of the countries/jurisdictions in which it operates and maximise shareholder value. Risks associated with taxation will be 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 2015, 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 International Accounting Standards Board (IASB) in issue and effective for the group at 31 December 2015 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 Companies Act, and the disclosure requirements of the JSE Listings Requirements.

The annual financial statements were approved by the board of directors on 23 February 2016, 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 2014.

The company early adopted the amendments to IFRS 10, IFRS 12 and International Accounting Standards (IAS) 28 as detailed in the publication 'Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)' issued by the IASB.

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

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

Abridged financials

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

Events after the reporting date

There were no events after the reporting date to report subsequent to 31 December 2015.

Focus for 2016

In addition to the strategic financial areas outlined under financial strategy, key financial focus areas for 2016 will be:

- enhancing operating efficiencies;
- management of working capital;
- swift action to curtail losses; and
- appropriate redeployment of capital.

Andrew Waller
Group financial director

23 February 2016

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



FIVE-YEAR REVIEW

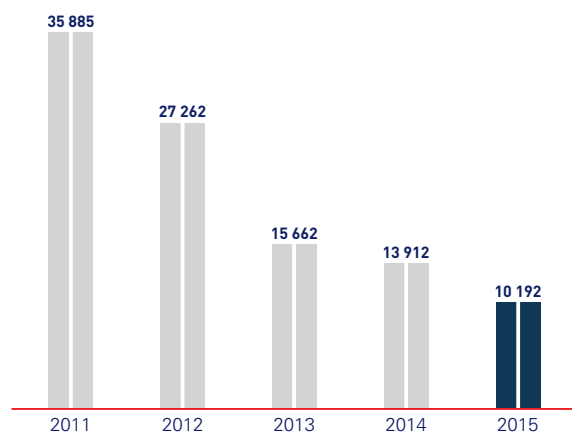
		2015	2014*	2013	2012	2011
Group income statement						
Revenue	(Rm)	10 192	13 912	15 662	27 262	35 885
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(Rm)	1 099	1 166	887	930	1 006
Depreciation and amortisation	(Rm)	(675)	(547)	(463)	(412)	(363)
Operating profit before net interest and taxation	(Rm)	424	619	424	518	643
Non-trading items	(Rm)	(1 588)	235	479	200	60
Net interest paid	(Rm)	33	18	(93)	(21)	(49)
(Loss)/profit before share of joint venture and associate companies' profit	(Rm)	(1 131)	872	810	697	654
Share of joint venture and associate companies' (loss)/profit after taxation	(Rm)	(47)	398	568	349	118
(Loss)/profit before taxation	(Rm)	(1 178)	1 270	1 378	1 046	772
Taxation	(Rm)	(190)	(194)	(116)	(141)	(175)
(Loss)/profit after taxation	(Rm)	(1 368)	1 076	1 262	905	597
Minority interest	(Rm)	3	(16)	(30)	(11)	(13)
(Loss)/profit for the year before preference dividends	(Rm)	(1 365)	1 060	1 232	894	584
Preference dividends	(Rm)	(61)	(59)	(55)	(57)	(53)
(Loss)/profit attributable to ordinary shareholders	(Rm)	(1 426)	1 001	1 177	837	531
Ordinary shareholders' interest in non-trading items	(Rm)	1 985	272	(475)	(231)	(60)
Headline earnings	(Rm)	559	729	702	606	471
Group statement of financial position						
Non-current assets	(Rm)	16 928	15 338	12 492	9 312	7 582
Loans and advances to bank customers	(Rm)	4 916	4 307	3 675	3 188	2 542
Current assets	(Rm)	14 613	13 212	12 255	9 573	10 397
Total assets	(Rm)	36 457	32 857	28 422	22 073	20 521
Total equity	(Rm)	19 140	17 480	12 133	10 241	9 311
Non-current liabilities	(Rm)	3 174	2 971	3 311	3 097	2 437
Deposits from bank customers	(Rm)	9 980	7 810	8 015	4 661	2 911
Current liabilities	(Rm)	4 163	4 596	4 963	4 074	5 862
Total equity and liabilities	(Rm)	36 457	32 857	28 422	22 073	20 521
Group cash flows						
Cash available from operations (excluding dual purpose assets)	(Rm)	3 179	919	3 304	1 986	70
Distribution/dividends paid	(Rm)	(151)	(170)	(174)	(215)	(230)
Cash retained from operations	(Rm)	3 028	749	3 130	1 771	(160)
Proceeds on disposal of property, terminals, vehicles, equipment, investments and other items	(Rm)	89	116	161	500	111
Cash available for investment	(Rm)	3 117	865	3 291	2 271	(49)
Cash invested	(Rm)	(1 164)	(1 335)	(1 705)	(1 137)	(343)
Net finance repaid/(raised)	(Rm)	1 953	(470)	1 586	1 134	(392)

* 2014 group statement of financial position was restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses. 2014 consolidated statement of cash flows has been restated to disclose funds provided to joint ventures as investing activities in terms of IAS 7: Statement of Cash Flows.

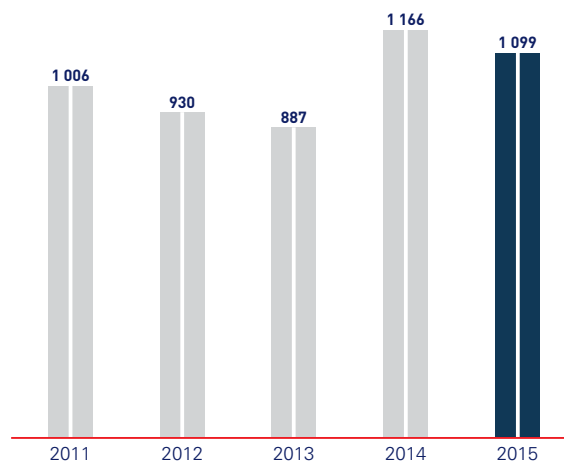


		2015	2014	2013	2012	2011
Ordinary share performance						
Number of ordinary shares in issue net of treasury shares	(000s)	750 959	751 619	591 586	590 486	589 536
Weighted average number of ordinary shares on which earnings per share is based	(000s)	751 452	678 348	591 109	590 097	478 234
(Loss)/earnings per share – basic	(cents)	(189.8)	147.6	199.1	141.8	111.0
Headline earnings per share – basic	(cents)	74.4	107.5	118.7	102.6	99.6
Share price – opening	(cents)	2 240	2 803	1 585	1 400	1 895
Share price – closing	(cents)	1 129	2 240	2 803	1 585	1 400
Share price – highest	(cents)	2 278	2 895	2 875	1 585	1 939
Share price – lowest	(cents)	1 032	2 050	1 580	1 270	1 250
Number of transactions recorded		203 077	172 819	96 250	53 488	79 713
Number of shares traded	(000)	349 936	267 875	191 329	163 690	240 887
Volume of shares traded as a percentage of total issued shares	(%)	45.9	38.8	31.8	27.3	40.2
Market capitalisation at 31 December	(Rm)	8 609	17 070	16 839	9 252	8 382
Price:earnings ratio	(times)	(5.9)	15.2	14.1	11.2	12.6
EV/EBITDA	(times)	21.4	19.1	17.2	15.3	13.6
Dividend/distribution per share	(cents)	19.6	33.6	37.1	32.9	29.5
Dividend/distribution cover	(times)	3.8	3.2	3.2	3.1	3.4
Dividend yield	(%)	1.7	1.5	1.3	2.1	2.1
EBITDA per share	(cents)	227.4	269.0	300.0	235.6	256.1
Earnings yield	(%)	(0.2)	6.6	7.1	8.9	7.9
Net worth per share at book value	(cents)	2 450	2 227	1 926	1 609	1 454
Preference share performance						
Number of preference shares in issue	(000s)	7 400	7 400	7 400	7 400	7 400
Share price – opening	(cents)	8 375	9 350	9 150	9 720	10 375
Share price – closing	(cents)	7 500	8 375	9 350	9 150	9 720
Share price – highest	(cents)	8 500	9 800	9 400	10 010	10 400
Share price – lowest	(cents)	7 440	8 100	8 501	9 000	9 050
Number of transactions recorded		2 590	1 917	3 339	1 920	1 891
Number of shares traded	(000)	1 289	1 576	1 838	1 505	1 616
Volume of shares traded as a percentage of total issued shares	(%)	17.4	21.3	24.8	20.3	21.8

Revenue (Rm)



EBITDA (Rm)

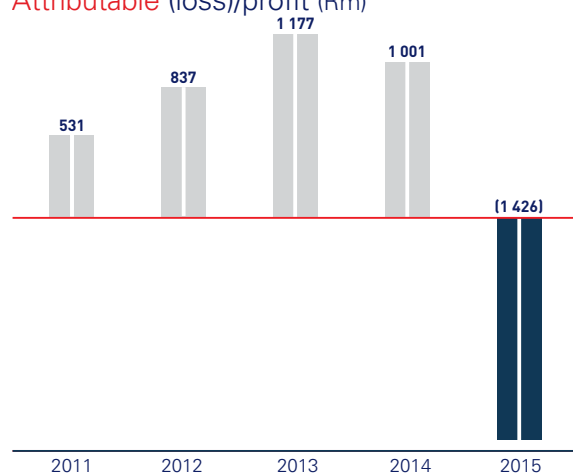


FIVE-YEAR REVIEW

continued

		2015	2014	2013	2012	2011
Key ratios						
Profitability						
Operating margin	(%)	4.2	4.4	2.7	1.9	1.8
Operating margin including joint venture entities	(%)	2.9	3.3	3.6	2.6	2.2
Return on net assets	(%)	(5.3)	6.4	9.1	7.4	7.1
Return on ordinary shareholders' funds	(%)	(8.1)	7.2	11.4	9.4	7.8
Effective rate of taxation excluding non-trading items	(%)	(22.3)	32.2	34.8	30.2	29.3
Leverage and liquidity						
Total liabilities to total shareholders' interests	(%)	13.7	10.9	51.7	23.2	52.8
Net interest-bearing debt to total shareholders' interests	(%)	(0.2)	(3.1)	21.4	7.3	9.6
Net debt to EBITDA	(times)	(0.0)	(0.5)	2.9	0.8	0.9
Debt:service cover ratio		0.7	0.4	0.6	1.3	(0.5)
Interest cover	(times)	46.9	(49.3)	9.7	33.8	14.2
Current ratio		3.3	2.7	2.3	2.3	1.8

Attributable (loss)/profit (Rm)



Headline earnings (Rm)

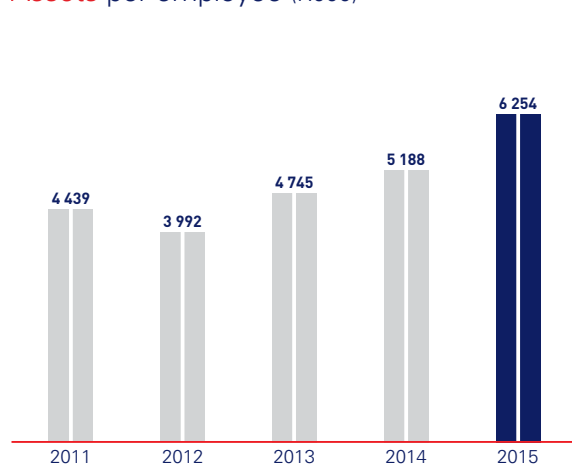




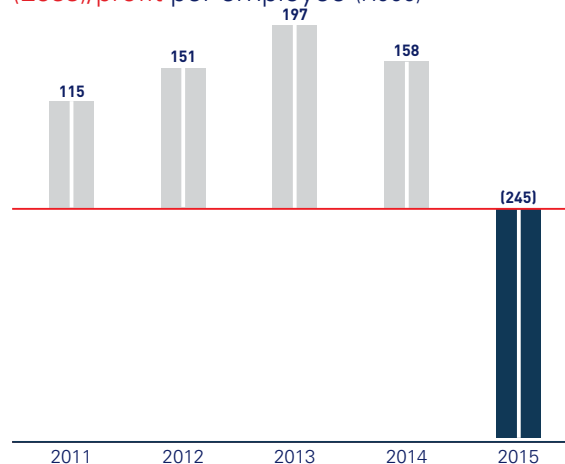
	2015	2014	2013	2012	2011
Transformation					
Employment equity – HDSA (%)	74.8	78.2	79.1	77.5	81.4
B-BBEE Contributor Level – Grindrod (South Africa) Proprietary Limited	Level 2	Level 2	Level 4	Level 3	Level 3
Social responsibility					
Total spend on projects (Rm)	7.3	14.9	15.5	5.6	4.1
Environment					
Energy efficiency – electricity (kWh/FTE)	2 706	2 942	2 791	3 093	3 445
Total GHG emissions (CO ₂ equivalent) (tonnes)	480 782	443 965	512 376	418 957	374 924
GHG emissions intensity (CO ₂ per rand revenue) (grams)	17.17	13.57	15.60	14.94	10.01
Safety and health					
Fatalities					
- Freight Services	2	1	2	2	1
Lost-time incidents					
- Freight Services	58	68	109	120	74
- Shipping	3	8	8	2	3
LTIFR					
- Freight Services	0.67	0.86	1.31	8.42	5.53
- Shipping	0.09	0.26	0.29	0.47	0.88
Human capital					
Number of employees at year-end	7 044	7 506	7 675	7 295	5 177
- subsidiaries	4 908	5 443	4 304	3 765	4 026
- joint ventures and associate companies	2 136	2 063	3 371	3 530	1 151
Training spend (Rm)	13	17	18	13	10
Average training spend per employee (R)	1 849	2 315	2 344	1 710	1 893
Assets per employee* (R000)	6 254	5 188	4 745	3 992	4 439
(Loss)/profit per employee* (R000)	(245)	158	197	151	115

* Calculated based on employee numbers at effective shareholding.

Assets per employee (R000)



(Loss)/profit per employee (R000)



DIRECTORATE AND EXECUTIVE COMMITTEE

as at 31 December 2015



Mike Hankinson

Age: 66

BCom; CA(SA)

Independent non-executive chairman

Appointed 15 December 2009

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



Alan Olivier

Age: 55

CA(SA)

Executive director and CEO

Appointed 27 May 1999

Chairman of Grindrod Bank Limited and director of major local and international subsidiaries and associates. Chairman of the United Kingdom Mutual Steamship Assurance Association Limited (P&I Club).

Alan was employed in 1986 in the Shipping division and held senior treasury and financial positions before his appointment as CEO of Unicorn Shipping in 1995. He was appointed to the board of directors of Grindrod Limited in 1999 and as the CEO of Grindrod Limited in 2007.



Hassen Adams

Age: 63

Pr Tech Eng (Civil Engineering)

Independent non-executive director

Appointed 1 December 2000

Hassen is a consulting engineer and has diversified business interests in engineering project management, leisure, gaming and property developments.

He is the executive chairman of Grand Parade Investment Limited.



CAC Chairman audit committee

MAC Member audit committee

CNC Chairman nomination committee

MNC Member nomination committee

CRI Chairman risk committee

MRI Member risk committee



Cato Brahde

Age: 61

BSc (Hons); MSBA; CEng MR INA

Independent non-executive director

Appointed 1 January 2013

Non-executive director of Grindrod Shipping Limited. Managing director of Tufton Oceanic (Isle of Man) Limited.

Cato qualified as a naval architect at the University of Newcastle upon Tyne, gained a Master of Science in Business Administration from Boston University and holds a Diploma in Company Direction. He has many years of international shipping experience.



Jannie Durand

Age: 49

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

Non-executive director

Appointed 9 May 2012

CEO of Remgro Limited and a director of a number of companies, including Distell Group Limited, Mediclinic International Limited, RCL Foods Limited and RMI Holdings Limited.

Pieter Uys is his alternate.



Mkhuseli Faku

Age: 49

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.



CRC Chairman remuneration committee

MRC Member remuneration committee

CSE Chairman social and ethics committee

MSE Member social and ethics committee

CIC Chairman investment committee

MIC Member investment committee

DIRECTORATE AND EXECUTIVE COMMITTEE

continued *as at 31 December 2015*



Walter Geach

Age: 61

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

Independent non-executive director

Appointed 29 July 2008

Non-executive director of Grindrod Bank Limited. Walter is an Advocate of the High Court of South Africa and a senior professor at the University of the Western Cape.

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



Grant Gelink

Age: 66

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

Independent non-executive director

Appointed 1 January 2013

Non-executive director of Altron Limited, MTN Zakhele Limited, FirstRand Limited and Santam Limited. Grant has had extensive work experience with Deloitte & Touche which spans over 26 years and he served as chief executive from 2006 until his retirement from the firm in 2012.



Bongiwe Ntuli

Age: 38

CA(SA)

Executive director

Appointed 20 August 2015

Director of major local subsidiary companies and associates, including Grindrod Bank Limited, Grindrod (SA) Proprietary Limited, Oiltanking Grindrod Calulo Proprietary Limited and Röhligh-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 and as CEO Port, Terminals and Rail in 2014.



Chairman audit committee



Member social and ethics committee



Chairman nomination committee



Member nomination committee



Chairman risk committee



Member risk committee



Tantaswa Nyoka

(previously Fubu)

Age: 43

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

Independent non-executive director

Appointed 27 November 2014

Previously executive head of people and transformation at KPMG. Tantaswa has in-depth experience in strategy, accounting and auditing. She served on the KPMG national policy board and the executive committee and senior partners' forum. She serves on the boards of Santam Limited and the PIC respectively and is a member of the presidential BEE Advisory Council.



David Polkinghorne

Age: 51

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 16 years' service with the group.



Nkululeko Sowazi

Age: 52

MA (UCLA)

Independent non-executive director

Appointed 25 February 2014

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

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



CRC Chairman remuneration committee

MRC Member remuneration committee

CSE Chairman social and ethics committee

MSE Member social and ethics committee

CIC Chairman investment committee

MIC Member investment committee

DIRECTORATE AND EXECUTIVE COMMITTEE

continued *as at 31 December 2015*



Pieter Uys

Age: 53

MSc (Engineering); MBA

Alternate 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.

Pieter is alternate to Jannie Durand.



Martyn Wade

Age: 56

Executive director

Appointed 16 November 2011

Director of major international subsidiary companies and UK Freight Demurrage & Defence Association. Martyn has 38 years of international shipping experience and has worked for shipowners, operators and brokers in London, Johannesburg, New York and Singapore. Martyn was a member of the original Baltic Exchange for 10 years. He has over seven years' service with the group.



Andrew Waller

Age: 53

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 five years' service with the group.



CAC Chairman audit committee

MAC Member social and ethics committee

CNC Chairman nomination committee

MNC Member nomination committee

CRI Chairman risk committee

MRI Member risk committee



Sandile Zungu

Age: 48

BSc (Mechanical Engineering); MBA

Independent non-executive director

Appointed 15 December 2009

Executive chairman and founding member of Zungu Investments Proprietary Limited and chairman of EOH Holdings Limited.

Sandile serves on the Presidential Advisory Council on Black Economic Empowerment and was a member of the World Economic Forum in his capacity as Young Global Leader.

Board compilation

31%

EXECUTIVE

Board tenure

37%

0-3 YEARS

13%

NON-EXECUTIVE

44%

4-9 YEARS

56%

INDEPENDENT NON-EXECUTIVE

19%

MORE THAN 9 YEARS



CRC Chairman remuneration committee

MRC Member remuneration committee

CSE Chairman social and ethics committee

MSE Member social and ethics committee

CIC Chairman investment committee

MIC Member investment committee

DIRECTORATE AND EXECUTIVE COMMITTEE

continued as at 31 December 2015

Board profile

	Non-executive directors %	Independent non-executive directors %	Executive directors %	Board and EXCO %
By race group and gender				
African female	–	6.25	6.25	12.50
African male	–	18.75	–	18.75
Coloured male	–	6.25	–	6.25
Indian male	–	6.25	–	6.25
White male	12.50	18.75	25.00	56.25
By age group				
30 to 50 years old	6.25	18.75	6.25	31.25
>50 years old	6.25	37.50	25.00	68.75

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	4/4				2/2				
C Brahde	2/4								Illness
JJ Durand	3/4					1/1 ⁵	3/3	3/3	Travelling
MR Faku	4/4		3/3						
WD Geach	4/4			3/3					
G Gelink	4/4			3/3					
MJ Hankinson	4/4		3/3		2/2	1/1	3/3	3/3	
B Ntuli ²	4/4	11/13	3/3		2/2				Travelling
T Nyoka	3/4			2/3					Away on leave
AK Olivier	4/4	13/13	3/3 ⁵	3/3 ⁵	2/2	1/1	3/3 ⁵	3/3 ⁵	
DA Polkinghorne	4/4	13/13			2/2				
NL Sowazi	3/4				2/2	0/1 ⁴	2/3	2/3	Family responsibility
PJ Uys*	4/4			3/3 ⁵	2/2	1/1 ⁵	3/3 ⁵	3/3 ⁵	
MR Wade	4/4	11/13			2/2				In Singapore
AG Waller ³	4/4	10/10	3/3		2/2				
SDM Zungu	3/4								Travelling abroad
Executives									
WP Hartmann ⁴		2/2							

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 and one scheduled divisional executive meeting, four group SHERQ management committee meetings, a two-day strategic planning meeting with key operational management, a two-day executive strategy planning meeting and two presentations (Standard Bank Limited and Goldman Sachs).

² Appointed as executive director on 20 August 2015. Attended two meetings by invitation.

³ Excluded from the group SHERQ management committee meetings as the CEO attends these. Attended one meeting by invitation.

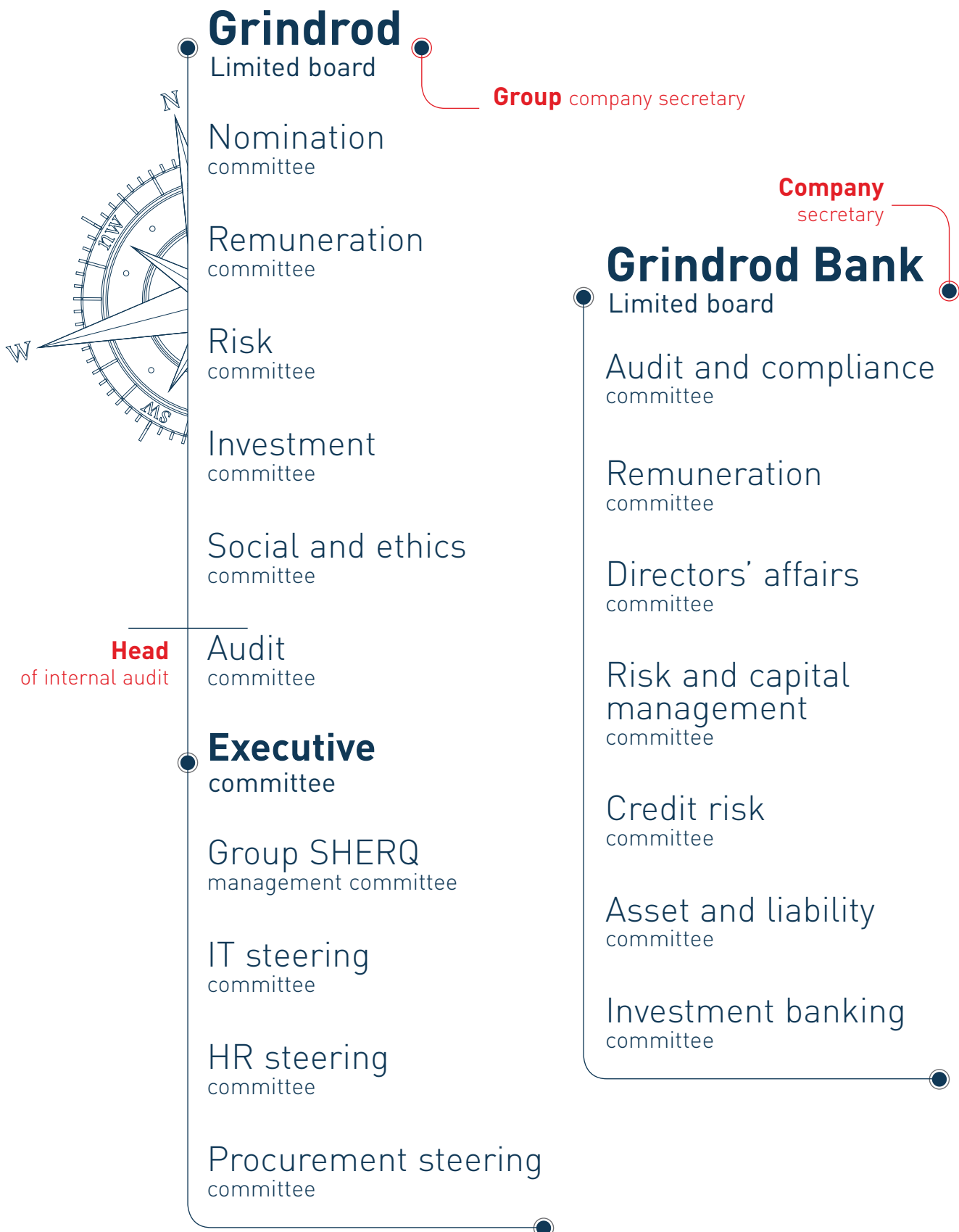
⁴ Resigned as CEO Investments on 28 February 2015.

⁵ By invitation.

⁶ Ad-hoc member as per terms of reference of committee.

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

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

continued

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

The board reaffirms its commitment to sound governance and considers the application of comprehensive corporate governance structures, policies and practices as pivotal to ensuring that Grindrod acts in a responsible and transparent manner from an economic, social and environmental perspective and creates sustainable value and benefits for its stakeholders.

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

Board structures and practice

Grindrod has a unitary board structure comprising five executive directors and 11 non-executive directors, one of whom is an alternate director to Jannie Durand and nine of whom are independent. During the year Ms Bongiwe Ntuli was appointed as an executive director of the board.

The directors of the board, with a wide range of financial, commercial and technical expertise, are appointed to ensure effective leadership of the company.

Board members are appointed through a formal process and the nomination committee assists in identifying and reviewing suitable candidates for election by the shareholders.

In terms of the memorandum of incorporation (MOI) non-executive directors retire by rotation every three years and are, if available, considered for reappointment by the shareholders at the annual general meeting. Shareholders are afforded the opportunity, at the following annual general meeting, to confirm the appointment of directors made during the course of a year.

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

The key roles of the committees of the board are detailed in the respective sub-committee reports.

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

The board charter, available on the company website, provides for a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The chairman is responsible for the effective leadership of the board. During 2015 the chairman met with board members individually to promote improved board member performances and address individual concerns.

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

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

Board duties

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

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

The 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 assessment

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 based on 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 2015 indicated satisfactory levels of governance at board and committee levels.

Legal and regulatory compliance

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

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

2015 saw further progress with the implementation of the associated legal compliance strategy.

Grindrod has voluntarily been placed under Director General Review regarding employment equity and awaits feedback with regard to this process.

Grindrod received no fines or notifications of major legislative non-compliance.

Grindrod further abides by all laws and regulations related to accounting fraud, workplace discrimination and corruption, with no instances of material non-compliance, sentences or fines being imposed during 2015.

Tax compliance

Grindrod is committed to transparency in all matters related to taxation and compliance with legislation in all countries in which its businesses operate. Taxes paid globally are disclosed in note 31 to the annual financial statements, available on the Grindrod website. The tax policy has been approved by the audit committee. Compliance with policy and oversight of corporate tax payments are delegated by the board to the audit committee, as stipulated in the committee's terms of reference.

Executive committee

The executive committee assists the CEO in managing the business at an operational level. The scope of authority and responsibilities of the executive committee are defined in the

executive committee terms of reference, approved during 2013, and reviewed annually at the board's November meeting.

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



Group company secretary

Grindrod's group company secretary, who does not fulfil an executive management function and maintains an arm's-length relationship with the board of directors, ensures corporate and legal compliance and adherence to the JSE Listings Requirements and to proper corporate governance principles, as set out in King III.

The group company secretary is responsible for the proper functioning of the board by preparing the agendas and supporting documentation of all committee meetings, based on the approved annual work plan, in advance and in consultation with both the chairman of the board or the committee and the CEO.

The group company secretary provides accurate, concise and relevant information to the board in a timely manner to enable the board to take informed decisions and to monitor the progress and performance of management against the approved business strategy.

She is also, as a basis for the submission of the annual compliance certificate submitted to the JSE, responsible for an annual detailed JSE Listings Requirements compliance audit. No material breaches of the JSE Listings Requirements were identified in 2015.

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 has assessed the competence, qualifications and experience of the group company secretary, as required in terms of section 3.84 of the JSE Listings Requirements, and has confirmed that she is suitably qualified, competent and experienced to hold the position of group company secretary.

Internal audit

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

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



CORPORATE GOVERNANCE

continued

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

Business ethics

The principles of ethical leadership, management and behaviour to which the company subscribes, are set out in the Grindrod Code of Ethics, based on Grindrod's six core values.



The code, which is available on the company website, is designed to raise ethical awareness, guide day-to-day decision-making and provide assurance on the integrity of the group companies to external stakeholders. In 2015 a further increase in awareness and drive to promote ethical behaviour was promoted through focused campaigns facilitated by the internal audit function. All South African employees annually acknowledge their adherence to the Code of Ethics and declare conflicts of interest and substantial gifts received.

Adherence to the code is mandatory for all employees and the code is communicated to all employees as an integral part of their induction.

Employees and other stakeholders can report unethical behaviour to the Grindrod ethics officer, who is the custodian of the code. No material transgressions of the code were reported to the Grindrod ethics officer in 2015. All instances reported to the ethics officer have been investigated or are in the process of being investigated and closed out.

An independent and absolutely confidential toll-free fraud hotline, accessible through free call numbers, a website address, an e-mail address, free fax and free postage address is maintained and controlled by Deloitte & Touche. In 2015 27 incidents (2014: 28 incidents) were reported by this hotline.

All reported incidents are investigated and listed in a register, although confidentiality is guaranteed if required. Incidents of corruption at management level are investigated internally and, if deemed appropriate, referred to disciplinary proceedings or to law enforcement agencies in more serious cases.

The internal audit function initiated an electronic fraud pulse survey to all intranet using employees. An online training system was developed and fraud and anti-corruption training was rolled out.

In a move to promote ethical awareness in its supply chain, SGM obtained certification from TRACE International, a leading global anti-bribery standard-setting organisation, that it completed internationally accepted due diligence procedures. This will be extended to other group businesses.

No material incidents of corruption at management level were identified in 2015.

Compliance with the Code of Ethics is also monitored through internal audits undertaken to assess the adequacy and effectiveness of the internal control environment, which includes risks related to fraud and corruption.

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

Stakeholder engagement

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

Further detail on stakeholder engagement is included on page 49.



Risk management

The board, supported by the risk committee, is ultimately responsible for risk management and the group's system of internal controls which are designed to mitigate material strategic and operational risks.

More information on risk governance, the group's risk management framework and process and its mitigation strategies for key identified risks are included in pages 74 and 75.



Combined assurance model

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

The combined assurance model was developed by identifying risks, control measures and assurance providers.

The audit of risks was 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 are adequately managed.

Internal control

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



The board also reviews and approves the delegation of authority to management in specified matters and those matters reserved for board decision-making on a regular basis. On the recommendations of the executive committee, the board reviewed, amended and approved the Limits of Authority at its meeting in November 2015.

Information technology (IT)

IT is considered fundamental to the support and sustainability of Grindrod's business operations – both as an operational enabler and a strategic asset that can be leveraged to create opportunities and mitigate risks.

The board, supported by the audit committee, is responsible for IT governance and the strategic alignment of IT with the performance and sustainability objectives of the company in line with the IT governance principles prescribed in King III.

The group's IT investment priorities are overseen by the executive committee and the group IT steering committee, with the effective establishment and efficient delivery of IT programmes and projects being supported by the Project Management Office (PMO), both of which operate in terms of approved charters.

An established IT framework based on Control Objectives for Information and Related Technology (COBIT) 5 is deployed within IT operations to promote IT governance and ensure the alignment of the IT strategy with that of the company.

IT projects are managed according to best-practice principles included in popular worldwide methodologies such as Project Management Body of Knowledge (PMBOK) and Prince II and tailored to add value to the Grindrod business. Details of the role of the audit committee with respect to IT governance are included in the audit committee report on page 92.

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

The Grindrod executive IT steering committee is responsible for the implementation of business-focused IT strategies.

This committee, which has defined roles and responsibilities, comprises the chief information officer, divisional CFOs and IT managers, and ad hoc members that are experts of particular business processes or technologies. The committee met five times in 2015 (2014: six times) to drive the implementation of fit for purpose IT infrastructure and software.

Share dealings

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

- 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 share transactions in the ordinary share capital by directors during 2015.



King III reference table

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



Principle	Principle description	Practice	Partially/not applied	Explanation
2.23	The remuneration committee is chaired by an independent director.	Committees should be chaired by independent non-executive directors.	Partially applied	Committee is chaired by a non-executive director who is not independent.
2.25	The company remunerates its directors and executives fairly.	Non-executive fees comprise a base fee and attendance fee per meeting.	Partially applied	Non-executive directors are not remunerated separately for meeting attendance, with this being provided for in their base fee.
9.3	Sustainability reporting and disclosure should be independently assured.	Sustainability reporting is independently assured.	Not applied	Assurance of sustainability reporting and disclosure is undertaken by the internal audit department as part of their annual work plan.

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.

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

Appropriate risk-management measures, which include accountability for risk management as a key performance area of line managers, exist throughout the group to counter significant business risks which could undermine the achievement of business objectives. Policies and guidelines on risk management and control support management in discharging its risk responsibilities.

The effectiveness of risk-management efforts is assessed by internal and external assurance providers in terms of the group's combined assurance model.

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

Risk-management framework

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

High-level strategic and external risks are assessed by the board, 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, based on the ISO 31000 standard for risk management, to identify, quantify, prioritise, respond to and monitor the consequences of an agreed risk schedule that encompasses both internal and external risks. 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.



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

Risk/impact	Mitigation
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 influence return on assets and revenue streams.	Continuous assessment of asset value against targeted returns, joint-venture and pooling arrangements to optimise market penetration and a fleet-replacement programme that ensures fleet efficiency in terms of cost and returns.
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 employees , which could jeopardise business continuity.	Talent-management initiatives to prepare suitable candidates for key posts are in place, as is succession planning for top executives, which is monitored at board level.
Empowerment/B-BBEE risk , which could exclude the business from sourcing and retaining customers in terms of relevant legislation and industry charters.	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 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.
Investment risk , which has market, operational, financial and legal consequences.	All projects of scale are assessed by the investment committee for subsequent consideration by the board in terms of an established investment framework. Projects are managed by appropriately skilled and experienced employees, supported by external consultants in areas requiring specialist skills. A detailed funding plan and liquidity assessment further promotes funding at levels that yield an efficient cost of capital at an acceptable risk level.
SHEQ risks , which can cause harm to employees, contractors and the environment and jeopardise the sustainability of the business.	SHEQ risks are mitigated according to a SHERQ policy, through transparent structures which include the group SHERQ management committee, SHERQ and legal-compliance KPIs at senior employee levels, the development of integrated ISO management systems and a rigorous incident-reporting, investigation and remedial-action procedure which includes board involvement in the case of serious incidents.

RISK COMMITTEE REPORT

Role and key functions

The risk committee is a formal committee of the board, established in 2015, to review, monitor, advise on and make recommendations regarding the effective management of risk. Prior to its establishment, the board reviewed the group's risk management processes and approved the group's risk management plan at a risk-focused board meeting held in May of each year, with risk assessment, monitoring, review and management being addressed at each quarterly board meeting.

The committee provides focused support to the board with respect to its risk-management governance responsibility. The committee monitors and reviews the development and implementation of appropriate policy, plans and systems to ensure business performance within defined risk appetite and tolerance limits.

The role and key functions of the risk committee are defined in the risk committee terms of reference, drafted based on Chapter 4 of King III, and approved by the board in 2015. The committee reviews its terms of reference on an annual basis and operates according to an approved, detailed annual work plan.

Composition and committee meetings

The committee comprises four non-executive directors, three of whom are independent, and five executive directors. During the year under review, directors appointed at the committee's meeting held on 26 May 2015 and 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 62 to 67.

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 2015.

Attendance of committee members at the meetings of the committee in the year is listed on page 68 of this integrated annual report.

Fees paid to the committee members are reflected on page 82 in the remuneration committee report and the proposed fees for 2016 are detailed on page 113.

Key activities

In terms of its mandate, matters considered by the risk committee in 2015 included the:

- approval of the committee's terms of reference and confirmation of the composition thereof;
- approval of the risk-management framework, policy, risk appetite and risk-tolerance limits for the company;
- review of the risk-management policy, risk appetite and risk-tolerance limits for the company;
- review and assessment of the top group and divisional risks and the appropriateness of the mitigation strategies implemented;
- consideration of pervasive, top emerging and Institute of Risk Management South Africa (IRMSA) top risks;
- review of the effectiveness of the process for identifying, assessing and reporting on significant internal financial-control, fraud and IT risks as related to financial reporting;
- review of internal audit assessment on the effectiveness of the risk management process;
- review of the insurance cover in place and associated claims history;
- evaluation of the performance of the risk committee;
- review of the risk committee report for inclusion in the 2015 integrated annual report; and
- approval of its annual work plan for 2016.

Risk-management process

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

On behalf of the risk committee



Pieter Uys
Chairman

23 February 2016

INVESTMENT COMMITTEE REPORT

Role and key functions

The investment committee, established in 2015 as a formal committee of the board, 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. Prior to its establishment, the board reviewed investment activities and decisions at its quarterly meetings.



The role and key functions of the investment committee are defined in the investment committee terms of reference. These have been approved by the board in 2016 and are reviewed on an annual basis by the committee.

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 62 to 67. The chairman may co-opt ad hoc members for a meeting, based on capital applications to be considered.



Meetings are scheduled as required as per the terms of reference. The committee's inaugural meeting was held on 2 November 2015. Attendance of committee members is listed on page 68 of this integrated annual report.



No fees were paid to the committee members in 2015. The proposed fees for 2016 are detailed on page 113.

Key activities

In terms of its mandate, the investment committee considered applications to submit tenders, increase current investments and consider new investments or restructuring of investments.

On behalf of the investment committee

Alan Olivier
Chairman

10 February 2016





Locomotive undercarriage



Specialised lashing team operates at Grindrod Intermodal facility in Durban



IVS Tembe, 37 400 dwt handysize bulk carrier built in 2016



Vanguard relocates a 400 ton tugboat on a 10-axle two-file PST trailer



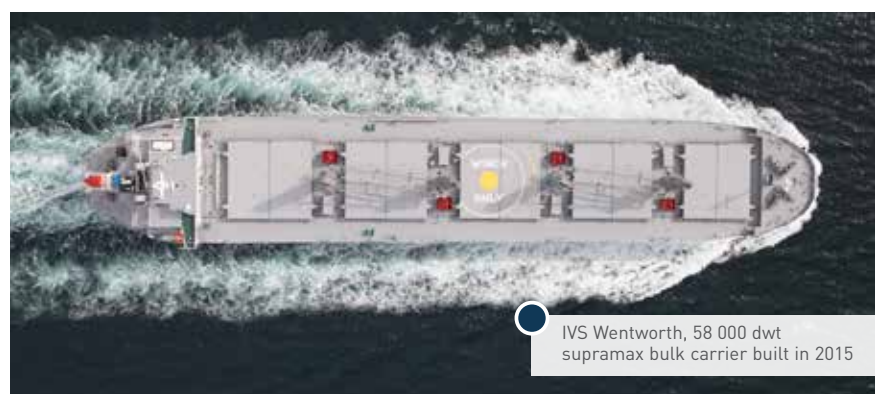
Ship loader, loading at Terminal De Carvão da Matola



Loading of breakbulk cargo at the Grindrod Intermodal facility in Durban



Grindrod Carrier Division owns and operates a fleet of specialised road tankers



IVS Wentworth, 58 000 dwt supramax bulk carrier built in 2015

NOMINATION COMMITTEE REPORT

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 role and key functions of the nomination committee are defined in the nomination committee terms of reference. The committee reviews its terms of reference on an annual basis and operates according to an approved, detailed annual work plan.

Composition and committee meetings



The committee comprises three non-executive directors, two of whom are independent. During the year under review, directors serving on the committee included Mike Hankinson (chairperson), Jannie Durand and Nkululeko Sowazi (all of whom were appointed on 25 November 2014). More details of these directors are given on pages 62 to 67.

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 2015.



Attendance of committee members at the meetings of the committee in the year is listed on page 68 of this integrated annual report.



Fees paid to the committee members are reflected on page 82 in the remuneration committee report and the proposed fees for 2016 are detailed on page 113.

Key activities

In terms of its mandate the nomination committee gave consideration to the following matters in 2015:

- reviewed the performance evaluations of the chairman of the board and the board sub-committees;
- reviewed the composition of the board and the board sub-committees;
- monitored the appointment to the board of the newly appointed executive director;
- reviewed the induction programme for newly appointed non-executive directors;
- monitored the professional development programme for appointed directors;
- monitored directors' briefings on changes in risks, laws and the environment in which the company operates;
- reviewed the independence of non-executive directors with a tenure of more than nine years;
- reviewed in detail the performance of directors retiring by rotation to support the recommendation for their re-election by shareholders;
- monitored the formal succession plans for members of the board, the CEO, CFO and members of the executive committee;
- reviewed the insurance cover in place for directors and officers;
- approved the promotion of diversity of gender policy;
- reviewed the nomination committee report for inclusion in the 2015 integrated annual report; and
- approved its annual work plan for 2016.

Board appointments

During 2015 the committee gave consideration to the appointment of Ms Bongiwe Ntuli as an executive director. Following a detailed review of her competencies and experience, the committee recommended her appointment to the board, which was unanimously supported by the board.

The committee also gave consideration to the appointment of a chairperson to the audit committee. 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 Tantaswa Nyoka and Walter Geach as members of the audit committee, which was unanimously supported by the board.

On behalf of the nomination committee

Mike Hankinson
Chairman

22 February 2016



REMUNERATION COMMITTEE REPORT

Scope of report

This report includes the report of the remuneration committee, directors' emoluments, incentive schemes and directors' interests in the company. It focuses primarily on the remuneration of the group's executive and non-executive directors and members of the executive committee.

Remuneration philosophy and policy

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

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

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

To ensure the continuity of operations and the protection of the group's competitive positioning, notice periods, without restraint periods, are prescribed as follows:

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

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 makes 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 non-executive directors, two of whom are independent. During the year under review, directors serving on the committee included Jannie Durand (appointed 30 May 2012 and appointed as chairperson on 25 November 2014), Mike Hankinson (appointed May 2010) and Nkululeko Sowazi (appointed 25 November 2014). More details of these directors are given on pages 62 to 67.

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 2015.

Attendance of committee members at the meetings of the committee during the year is listed on page 68 of this integrated annual report.

Fees paid to the committee members are reflected on page 82 in the remuneration committee report and the proposed fees for 2016 are detailed on page 113.

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

Key activities

In terms of its mandate, matters considered by the remuneration committee in 2015 included:

- monitoring the company's remuneration policy and advising the board on the remuneration of non-executive and executive directors and executive committee members;
- the review of the performance of the chairman of the board and the board committees;
- the evaluation and recommendation of fees for non-executive directors based on industry benchmarks;
- the review against KPIs, and approval of the remuneration packages and incentives for executive directors and members of the executive committee;
- monitoring the criteria against which executive directors are evaluated;
- monitoring remuneration adjustments for employees outside the bargaining unit;
- the review of the performance of the primary pension and provident funds;
- legislative and regulatory compliance within the scope of its mandate;
- the review of the remuneration report for inclusion in the 2015 integrated annual report; and
- approval of the annual work plan for 2016.





Remuneration structure

The remuneration of executives, prescribed officers and key senior managers comprises a guaranteed total cost of employment (TCOE) and a variable portion which incorporates short- and long-term incentive bonus schemes. Pages 84 to 89 reflect further detail on the incentive bonus schemes. These include schemes that provide for awarding of a total of 3 013 311 shares as incentives, which can result in a 0.40 per cent dilution of the group's equity net of treasury stock.

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

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

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

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

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

Non-executive directors' remuneration

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

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

Performance evaluation

During the year, the committee considered the results of the evaluation of the performance of the CEO, the group financial director and other executive directors in determining their respective remunerations and the annual performance evaluations done for all board committees by the members. The primary performance indicators are set out on page 84.

Integrated annual report

Following the committee's review of the accuracy, completeness and transparency of this remuneration report, inclusive of details of emoluments paid to directors and prescribed officers and incentive schemes included on pages 82 to 89, it recommended the inclusion of its report in the integrated annual report of Grindrod for the year ended 31 December 2015 to the board.

On behalf of the remuneration committee

Jannie Durand
Chairman

22 February 2016

REMUNERATION COMMITTEE

REPORT continued

Emoluments paid to directors and prescribed officers

The tables below provide an analysis of the emoluments paid to executive and non-executive directors and prescribed officers of the company in relation to the 2015 and 2014 financial years. The remuneration below has been split between local and offshore remuneration packages approvals.

	Directors' fees	Committee fees	Basic remuneration	Retirement medical and other benefits	Total package	Bonus ⁶	2015 Total R000	% increase excluding bonus
Local	R000	R000	R000	R000	R000	R000		
Executive directors								
AK Olivier	–	–	6 066	1 662	7 728	1 736	9 464	5
B Ntuli ¹	–	–	3 500	470	3 970	880	4 850	30
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	–	–	16 189	3 384	19 573	5 549	25 122	
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	
G 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	16 822	3 468	24 411	5 549	29 960	

	Directors' fees	Committee fees	Basic remuneration	Retirement medical and other benefits	Total package	Bonus ⁶	2015 Total R000	% increase excluding bonus
Offshore	Currency	000	000	000	000	000		
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.

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.



	Directors' fees R000	Committee fees R000	Basic remuneration R000	Retirement medical and other benefits R000	Total package R000	Bonus ¹¹ R000	2014 Total R000
Local							
Executive directors							
AK Olivier	–	–	5 848	1 517	7 365	3 687	11 052
DA Polkinghorne	–	–	2 885	517	3 402	2 236	5 638
DA Rennie ¹	–	–	2 519	687	3 206	–	3 206
AG Waller	–	–	3 283	584	3 867	1 955	5 822
Sub-total	–	–	14 535	3 305	17 840	7 878	25 718
Prescribed officers							
HJ Gray ²	–	–	2 112	2 034	4 146	–	4 146
WP Hartmann	–	–	2 712	498	3 210	642	3 852
B Ntuli ³	–	–	2 617	445	3 062	1 700	4 762
Sub-total	–	–	7 441	2 977	10 418	2 342	12 760
Non-executive directors							
IAJ Clark ^{4,5}	337	30	–	67	434	–	434
H Adams	233	–	–	–	233	–	233
JJ Durand ⁶	331	–	–	–	331	–	331
MR Faku	233	55	–	–	288	–	288
WD Geach ⁴	310	168	–	–	478	–	478
G Gelink	233	103	–	–	336	–	336
IM Groves ^{4,7}	290	365	–	67	722	–	722
MJ Hankinson	527	227	–	–	754	–	754
T Nyoka ⁸	22	10	–	–	32	–	32
NL Sowazi ⁹	198	5	–	–	203	–	203
PJ Uys ¹⁰	–	–	–	–	–	–	–
SDM Zungu	233	–	–	–	233	–	233
Sub-total	2 947	963	–	134	4 044	–	4 044
Total emoluments – local	2 947	963	21 976	6 416	32 302	10 220	42 522

	Currency	Directors' fees 000	Committee fees 000	Basic remuneration 000	Retirement medical and other benefits 000	Total package 000	Bonus ¹¹ 000	2014 Total 000
Offshore								
Executive director								
MR Wade	SGD	–	–	729	134	863	268	1 132
Non-executive director								
AC Brahde	GBP	21	–	–	–	21	–	21

¹ Passed away on 12 September 2014.

² Resigned on 1 August 2014. Includes benefits totalling R1 616 175 paid on resignation.

³ Appointed as CEO of Port, Terminals and Rail during the year.

⁴ Includes fees paid by Grindrod Bank Limited.

⁵ Retired 28 May 2014.

⁶ Fees ceded to Remgro.

⁷ Retired 25 November 2014.

⁸ Appointed 25 November 2014.

⁹ Appointed 25 February 2014.

¹⁰ Alternate to JJ Durand.

¹¹ Bonus payment in respect of services rendered in 2014 accrued as at year-end.

REMUNERATION COMMITTEE

REPORT continued

Incentive schemes

Short-term incentive

Executives

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

The bonus includes:

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

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

	Bonus cap [% of annual salary]	2015 Performance average achievement [%]
Stretch profit targets	50	5
Key performance indicators	30	17
Discretionary	20	2
Totals	100	24

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

	Payout as a percentage of TCOE	
	2015	2014
AK Olivier	22	50
WP Hartmann	-	20
B Ntuli	22	50
DA Polkinghorne	54	65
MR Wade	-	37
AG Waller	22	50
Average	24	45

Other senior management

Bonuses paid to senior management within all divisions are based on a similar structure to executives with the measurement of performance against pre-agreed key objectives (7.5 per cent), financial results (7.5 per cent) and a limited discretionary element (5 per cent). Maximum bonus is paid up to 20 per cent of TCOE.

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

Long-term incentive summary

Share option gains and cash-settled share-price-linked option payments for 2015 are detailed below:

	2015 Share- price-linked option payment R000	2014 Share- price-linked option payment R000
Executive directors/ prescribed officers		
AK Olivier	2 043	6 777
B Ntuli	278	986
DA Polkinghorne	75	1 462
DA Rennie ¹	-	10 374
MR Wade	852	2 814
AG Waller	354	1 043
Total	3 602	23 456

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

Share-price-linked option scheme

Performance hurdle, information and allocations:

- The group share-price-linked option scheme was introduced in 2007 for executives and key senior managers;
- Award is driven at retention of key strategic employees and is linked to key initiatives from the business plan;
- Options are cash-settled and not classified as equity-settled in terms of the JSE Listings Requirements;
- One third of the options vest on each of the third, fourth and fifth anniversaries of the relevant grant dates;
- The options do not have an expiry date beyond the vesting date;
- The vesting date for the scheme is the date of the Grindrod Limited board meeting in February each year;
- The grant price of an option and settlement price is determined on the same basis, i.e. the weighted average of the closing price seven days prior to the vesting date;
- The cash settlement amount of an option is equal to the difference between the settlement price of Grindrod shares on the date upon which an option vests and the grant price on the date of issue;



- The participants receive the amount due as a cash bonus net of tax;
- Annually during the employee appraisal period, the CEO requests nominations of key senior management for consideration under the scheme. Motivations are prepared by the executive at the time of the appraisal process and submitted to the CEO. After consideration and debate, with cognisance to the succession planning, the CEO submits the nominations agreed to the remuneration committee; and
- Taking into account performance of each executive and key senior manager, the remuneration committee recommends the granting of options for approval by the board of Grindrod.

Payment and hedging:

- Alignment with shareholder returns is achieved as without performance in share price, no value accrues to the participants;

- Payments are made subject to continued employment from grant date to vesting date;
- Bonus payments made under this scheme in any one operating division of the group may not exceed 10 per cent of the net after tax profit of that division;
- Bonus payments of R8 767 927 were made on options which vested in 2015; and
- The group currently holds 8 981 034 treasury shares (not allocated to the forfeitable share plan (FSP)) (2014: 7 905 599). These treasury shares were purchased at a weighted average price of R17.01 (2014: R17.27). During 2015, 1 661 435 shares were bought back at an average share price of R15.47. The treasury shares serve as a cash flow hedge to the share-linked option scheme.

A summary of options granted to executives and senior management, still to vest as at 31 December 2015, is as follows:

Date option granted	Number of options granted	Price R	Cancellations	Forfeited	Vesting on retirement/ transfer	Vested	Net total
2011	3 499 000	16.33	(502 333)	(175 000)	(278 000)	(1 754 334)	789 333
2012	4 863 000	14.72	(691 000)	(1 975 000)	(176 000)	(728 333)	1 292 667
2013	5 639 000	16.68	(898 000)		(750 000)		3 991 000
2014	2 427 000	26.97	(274 000)	(961 000)	(39 000)		1 153 000
2015	4 111 000	18.97	(113 000)				3 998 000
	20 539 000		(2 478 333)	(3 111 000)	(1 243 000)	(2 482 667)	11 224 000

REMUNERATION COMMITTEE

REPORT continued

The detail of awards granted to executives as at 31 December 2015 is as follows:

Director	Options at 1 January 2015	Options granted during the year	Options cancelled during the year ¹	Options vested during the year	Vesting price R	Options at 31 December 2015	Option price R	Vesting dates
AK Olivier	2 115 800			229 400 227 700 68 300	18.97 18.97 18.97	227 700 68 300 68 400 345 700 345 700 345 600 63 000 63 000 63 000 254 300 254 300 254 400	13.95 16.33 16.33 14.72 14.72 14.72 16.68 16.68 16.68 26.97 26.97 26.97 18.97 18.97 18.97	February 2015 February 2015 February 2016 February 2015 February 2016 February 2017 February 2016 February 2017 February 2018 February 2017 February 2018 February 2018 February 2018 February 2019 February 2019 February 2020
		763 000						
WP Hartmann ²	289 000		96 300 96 300 96 400			- - -	16.68 16.68 16.68	February 2016 February 2017 February 2018
B Ntuli	456 300			30 300 25 000 14 000	18.97 18.97 18.97	25 000 14 000 14 000 111 300 111 300 111 400 82 667 82 667 82 666	13.95 16.33 16.33 14.72 14.72 14.72 16.68 16.68 16.68 18.97 18.97 18.97	February 2015 February 2015 February 2016 February 2015 February 2016 February 2017 February 2016 February 2017 February 2018 February 2018 February 2019 February 2020
		248 000						
DA Polkinghorne ³	308 667			36 333 11 667	18.97 18.97	36 333 11 667 11 666 54 334 54 333 54 333 12 667 12 667 12 666 37 300 37 300 37 400	16.33 16.33 14.72 14.72 16.68 16.68 16.68 26.97 26.97 26.97 18.97 18.97 18.97	February 2015 February 2016 February 2015 February 2016 February 2016 February 2017 February 2016 February 2017 February 2018 February 2017 February 2018 February 2018 February 2019 February 2019 February 2020
		112 000						



The detail of awards granted to executives as at 31 December 2015 is as follows: continued

Director	Options at 1 January 2015	Options granted during the year	Options cancelled during the year ¹	Options vested during the year	Vesting price R	Options at 31 December 2015	Option price R	Vesting dates
MR Wade	423 400			132 700 70 400	18.97 18.97	70 300 50 000 50 000 50 000 107 667 107 667 107 666	13.95 16.33 16.33 16.68 16.68 16.68 18.97 18.97 18.97	February 2015 February 2015 February 2016 February 2016 February 2017 February 2018 February 2018 February 2019 February 2020
		323 000						
AG Waller	674 000			98 000 22 300	18.97 18.97	98 000 22 300 22 400 137 000 137 000 137 000 79 334 79 333 79 333	16.33 16.33 14.72 14.72 14.72 16.68 16.68 16.68 18.97 18.97 18.97	February 2015 February 2016 February 2015 February 2016 February 2017 February 2016 February 2017 February 2018 February 2018 February 2019 February 2020
		238 000						
	4 267 167	1 684 000	289 000	966 100		4 696 067		

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

² WP Hartmann options cancelled on resignation.

³ DA Polkinghorne's allocations have been restated in terms of the rules of the scheme.

Grindrod Bank Limited share-price-linked option scheme

The share-price-linked option scheme was introduced in 2009 for Grindrod Bank executives and key employees. The scheme operates on the same principles as the Grindrod share-price-linked option scheme, with the exception of the share price, the Bank's share price calculation being based on the greater of the net asset value of Grindrod Bank or an agreed price earnings value, as opposed to the Grindrod listed price. In terms of the scheme rules, payments made under the share-linked option scheme are limited to 6 per cent of the division's attributable profit.

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

A summary of options granted to executives and senior management of Grindrod Bank, still to vest as at 31 December 2015, is as follows:

Date option granted	Number of options granted ¹	Price R	Lapse	Vested	Net total
2011	2 996 000	6.04	(40 000)	(1 997 333)	958 667
2012	2 172 000	6.86	(30 000)	(724 000)	1 418 000
2013	1 553 000	7.55	(22 000)		1 531 000
2014	2 207 000	9.88	(31 000)		2 176 000
2015	1 309 000	13.04	(92 000)		1 217 000
	10 237 000		(215 000)	(2 721 333)	7 300 667

¹ DA Polkinghorne's allocations have been restated in terms of the rules of the scheme.

Bonus payments totalling R8 220 000 were made on Grindrod Bank options vesting in 2015.

REMUNERATION COMMITTEE

REPORT continued

The detail of awards granted to an executive as at 31 December 2015 is as follows:

Director	Options at 1 January 2015	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2015	Option price R	Vesting dates
DA Polkinghorne ¹	966 667		83 000 93 333 78 333	13.04 13.04 13.04	93 334 78 333 78 334 56 000 56 000 56 000 98 000 98 000 98 000 47 000 47 000 47 000	4.99 6.04 6.04 6.86 6.86 6.86 7.55 7.55 7.55 9.88 9.88 9.88 13.04 13.04 13.04	February 2015 February 2015 February 2016 February 2015 February 2016 February 2017 February 2016 February 2017 February 2018 February 2017 February 2018 February 2019 February 2018 February 2019 February 2020
	966 667	141 000	254 666		853 001		

¹ DA Polkinghorne's allocations have been restated in terms of the rules of the scheme.

Forfeitable share plan

The following table summarises the movements in the FSP during the year.

Award date	Date option granted	Number of options granted	Price R	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares
31 May 2012	2012	2 150 000	13.65	(754 630)	(495 370)	900 000
31 May 2012	2012	152 884	14.71	(50 961)		101 923
31 August 2013	2013	107 388	24.91			107 388
24 February 2014	2014	1 068 000	27.15	(22 847)	(191 153)	854 000
23 February 2015	2015	650 000	17.97			650 000
		4 128 272		(828 438)	(686 523)	2 613 311

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

The table below shows the executive participants in the scheme and the value granted in 2015.

Award date	Opening balance 1 January 2015	Number of forfeitable shares granted in 2015	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares
AK Olivier	850 000	250 000	(200 000)		900 000
B Ntuli	150 000	150 000			300 000
DA Polkinghorne	150 000	100 000	(50 000)		200 000
MR Wade	450 000		(100 000)		350 000
AG Waller	450 000	150 000	(100 000)		500 000
	2 050 000	650 000	(450 000)	–	2 250 000



Shares are awarded to enable the company to retain and attract executives and qualifying managers whose skills are required to fulfil the company's goals and are aligned with the strategic achievement of the business plan. The shares vest in three equal tranches at the end of years three, four and five after the award date, respectively. For the delivery conditions to be met the participants are required to remain employed by the group until the vesting date. There are no performance criteria in the vesting conditions. Employees terminating employment due to resignation or dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct will forfeit all unvested awards.

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

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

Share option scheme

The share option scheme is closed to additional participants. There is currently only one participant being AK Olivier, who has 400 000 ordinary shares options (2014: 400 000) at a strike price of R12.51. These options vested between 2009 and 2012 and expire on 23 November 2020 as a result of an extension of the expiry date which extension is subject to shareholder approval at the next annual general meeting scheduled for 27 May 2016. If not approved, the options will be deemed to expire within one week following the annual general meeting.

Directors' interests in the company

At 31 December 2015, the directors held interests in the company as follows:

Ordinary shares	2015			2014		
	Beneficial indirect	Beneficial direct	Non-beneficial indirect	Beneficial indirect	Beneficial direct	Non-beneficial indirect
Directors						
MJ Hankinson	–	27 000	8 000	–	27 000	8 000
AK Olivier	–	2 234 250	–	–	2 034 250	–
AG Waller	–	150 000	–	–	50 000	–
SDM Zungu	–	4 228	–	–	4 228	–
MR Wade	–	100 000	–	–	–	–
DA Polkinghorne	–	50 000	–	–	–	–
	–	2 565 478	8 000	–	2 115 478	8 000

The ordinary shareholdings were unchanged as at 23 February 2016.

SOCIAL AND ETHICS COMMITTEE REPORT

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, as set out in King III.



The committee functions within formally approved terms of reference, reviewed on an annual basis. The committee 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, stakeholder engagement, employee health, safety and human rights, the external impacts of the company's operations, human-capital management, sustainability reporting, the implementation of transformation and B-BBEE, legal compliance and corporate governance, including corporate ethics.

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

Composition and committee meetings

The committee consists of four members, two of whom are independent non-executive directors and two executive directors. During the year under review, members serving on the committee included Mkhusele Faku (appointed 16 November 2011 and appointed as chairperson 26 November 2014), Mike Hankinson (appointed 28 February 2012), Bongiwe Ntuli (appointed 19 February 2013) and Andrew Waller (appointed 16 November 2011). More details of these members are given on pages 62 to 67.

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 2015.

Attendance of committee members at the meetings of the committee during the year is listed on page 68 of this integrated annual report.

Fees paid to the committee members are reflected on page 82 in the remuneration committee report and the proposed fees for 2016 are detailed on page 113.

Key activities

During 2015 and in terms of its mandate, the social and ethics committee gave consideration to, inter alia:

- the company's sustainability performance in line with the Grindrod sustainability pillars and integrated sustainability strategy;
- legal compliance and good corporate governance, including ethics;
- the company's status in terms of safety, health, environmental and quality matters and applicable risk-identification and mitigation measures;
- The company's progress in line with the UN Global Compact Ten Principles;
- progress with the implementation of a group-level shared-services standardised approach to HR strategies, systems and policy, and employee relations, skills development and retention, performance management and employee wellness;
- the Grindrod B-BBEE scorecard and the company's action plans to set and achieve transformation objectives;
- performance in the areas of corporate social investment and socio-economic development;
- progress made with the implementation of the legal compliance universe strategy;
- an integrated approach to stakeholder engagement;
- evaluation of the performance of the social and ethics committee;
- review of the committee's report for inclusion in the 2015 integrated annual report; and
- approval of the annual work plan for 2016.

Organisational transformation

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

More detail on the company's human capital and transformation activities is included on pages 44 to 49 of this integrated annual report.



Safety, health and environment

Integrated management systems, strategies, policies, procedures and practices are fundamental to continued business operations and ensure a proactive approach toward matters related to workplace safety, employee health and well-being and the environment in areas of operation.

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



More detail on the company's activities related to safety, health and the environment is included on pages 44 to 49 and 50 to 53.

Social responsibility

The committee also guides the company in its social responsibility programme, which focuses on the educational upliftment of members of disadvantaged communities based in areas in which it operates.



More detail on the company's social responsibility activities is included on pages 48 to 49 of this integrated annual report.

Stakeholder engagement

The committee, supported by the CEO and executive management, monitors and reviews stakeholder engagement to ensure that it is constructive, interactive and in support of strategic business objectives.

More detail on the company's activities related to stakeholder engagement is included on page 49.

On behalf of the social and ethics committee

Mkhusele Faku
Chairman

22 February 2016



AUDIT COMMITTEE REPORT

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.



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, 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, the JSE Listings Requirements and King III. The chairman of the board may not serve as chairman 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 28 May 2014 and appointed as chairperson 26 November 2014), Walter Geach (re-appointed 28 May 2014) and Tantaswa Nyoka (appointed 27 November 2014). More details of these directors are given on pages 62 to 67.

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

Committee members meet at scheduled meetings three times a year and at unscheduled meetings when required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2015.

Attendance of committee members at the meetings of the committee during the year is listed on page 68 of this integrated annual report.

Fees paid to the committee members are reflected on page 82 in the remuneration committee report and the proposed fees for 2016 are detailed on page 113.



Key activities

During 2015 and in terms of its mandate, the audit committee gave consideration to, inter alia, the:

- evaluation of the independence, effectiveness and performance of the internal audit function and review and approval of the internal audit charter, annual work plan and internal audit fees;
- assessment of the suitability, expertise and experience of the group financial director and the expertise, experience and resources of the company's finance function;
- review of 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;
- review of the group IT governance report and IT risks;
- nomination of the independent external auditor and designated audit partner and the approval of their terms of engagement and fees for audit and non-audit services;
- review of the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit and limited assurance reports;
- legislative and regulatory compliance within the scope of its mandate;
- review and recommendation to the board for publicly disclosed financial information, including the interim results for the six months ended 30 June 2015;
- review of the annual financial statements and results for the year ended 31 December 2015 and the 2015 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the board of directors;
- evaluation of the performance of the audit committee; and
- approval of the annual work plan for 2016.

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

Information technology

The board's responsibility for IT governance is delegated to the audit committee.

The maintenance of appropriate IT governance structures and risks associated with IT were enhanced through the development, in 2015, of a three-year IT governance road map, providing for IT strategy, governance and policies and legal and other compliance as key focus areas.

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.

More information on IT governance is set out on page 73.





Group financial director

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

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

Internal audit

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

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

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

External audit

Deloitte & Touche served as the company's registered external auditors for the 2015 financial year. The independence, expertise, objectivity and appropriateness of rotation of key partners in Deloitte & Touche as the external auditor were appraised by the audit committee, as were the terms of engagement and fees paid. The external auditors have unrestricted access to the chairman of the committee.

Annual report

Annual financial statements

Following the committee's review of the annual financial statements for the year ended 31 December 2015, 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 2015.

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 2015.

On behalf of the audit committee

Grant Gelink
Chairman

23 February 2016

APPROVAL OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

The preparation of the summarised consolidated financial statements that fairly represent the results of the group in accordance with the Companies Act and 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 2015. Based on the financial results of Grindrod and the cash flow forecast for the year ended 31 December 2016, 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 23 February 2016, 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 98 to 107, are therefore signed on its behalf by:



MJ Hankinson

Chairman

Durban

23 February 2016

AK Olivier

Chief executive officer

Durban

23 February 2016

COMPLIANCE STATEMENT

BY THE GROUP COMPANY SECRETARY

for the year ended 31 December 2015

The group company secretary of Grindrod Limited certifies that, in terms of section 88(2) of the Companies Act, 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 2015.

Mrs CI Lewis

Group company secretary

Durban

23 February 2016

PREPARATION OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of IFRS and its interpretations adopted by the IASB and issued and effective for the group at 31 December 2015 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. The results are presented in accordance with IAS 34: Interim Financial Reporting and comply with the JSE Listings Requirements and the Companies Act.

The provisional accounting relating to the fair value on acquisition of a prior year B-BBEE business combination has been completed. Consequently the comparative figures have been adjusted retrospectively. The effect of the adjustment resulted in an increase in the value of intangible assets and the related deferred tax liability offset by a decrease in goodwill.

In addition, funds provided to joint ventures were previously disclosed as operating cash flows as they were utilised for working capital by the joint ventures. The consolidated statement of cash flows has been restated to disclose funds provided to joint ventures as investing activities in terms of IAS 7: Statement of Cash Flows. The comparative information has been restated. There is no impact on profit/loss and the statement of financial position.

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.co.za.

These summarised consolidated financial statements, which appear on pages 98 to 107, have been prepared under the supervision of AG Waller, CA(SA) and were approved by the board of directors on 23 February 2016.



Accounting policies

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

The company early adopted the amendments to IFRS 10, IFRS 12 and IAS 28 as detailed in the publication "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" issued by the IASB.

Audit opinion

These summarised consolidated financial statements for the year ended 31 December 2015 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 2015, 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 97 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
Durban
23 February 2016



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 2015 (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 (CO₂e tonnes).

In prior years, the limited assurance report was provided by external audit, whereby external audit and internal audit adopted a combined assurance approach with management. In light of the improvements in the control environment on the reporting of the sustainability indicators, internal audit is now the sole assurance provider.

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 2015 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 procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that for the year ended 31 December 2015 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

22 March 2016

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the shareholders of Grindrod Limited

The summary consolidated financial statements of Grindrod Limited contained in the accompanying integrated annual report, which comprise the summary consolidated statement of financial position as at 31 December 2015, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited annual consolidated financial statements of Grindrod Limited for the year ended 31 December 2015. We expressed an unmodified audit opinion on those annual consolidated financial statements in our report dated 23 February 2016. Our auditor's report on the audited annual consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (included below).

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

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the information required by IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to financial statements, and for such internal control as the directors determine is necessary to enable the preparation of 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 the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited annual consolidated financial statements of Grindrod Limited for the year ended 31 December 2015 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with the information required by IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 23 February 2016 states that as part of our audit of the consolidated financial statements for the year ended 31 December 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Other Matter

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



Deloitte & Touche
Registered Auditors

Per: Craig Sagar
Partner

22 March 2016

National Executive: *LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit *N Sing Risk Advisory *NB Kader Tax TP Pillay Consulting S Gwala BPaaS
*K Black Clients & Industries *JK Mazzocco Talent & Transformation *MJ Jarvis Finance *M Jordan Strategy *MJ Comber Reputation & Risk *TJ Brown Chairman of the Board
Regional Leader *R Redfern

A full list of partners and directors is available on request *Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code
Member of Deloitte Touche Tohmatsu Limited

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



SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2015

	Audited 31 December 2015 R000	Audited 31 December 2014* R000
Ships, property, terminals, vehicles and equipment	7 632 489	7 328 376
Intangible assets	1 604 159	1 609 646
Investments in joint ventures	4 806 687	3 883 263
Investments in associates	922 350	849 303
Deferred taxation	205 705	191 704
Other investments and derivative financial assets	1 757 307	1 175 380
Recoverables on cancelled ships	–	300 723
Total non-current assets	16 928 697	15 338 395
Loans and advances to bank customers	4 915 854	4 306 693
Liquid assets and short-term negotiable securities	1 065 730	990 024
Bank balances and cash	8 393 256	7 404 912
Other current assets	4 871 336	4 303 617
Non-current assets held for sale	281 892	513 586
Total assets	36 456 765	32 857 227
Shareholders' equity	19 146 165	17 432 296
Non-controlling interests	(6 274)	48 185
Total equity	19 139 891	17 480 481
Interest-bearing borrowings	2 061 818	2 263 292
Financial Services funding instruments	798 288	362 717
Deferred taxation	224 675	188 850
Other non-current liabilities	89 191	156 665
Non-current liabilities	3 173 972	2 971 524
Deposits from bank customers	9 979 739	7 809 523
Current interest-bearing borrowings	1 326 418	1 232 421
Financial Services funding instruments	173 005	922 550
Other liabilities	2 573 890	2 322 993
Non-current liabilities associated with assets held for sale	89 850	117 735
Total equity and liabilities	36 456 765	32 857 227
* Restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses.		
Net worth per ordinary share – at book value (cents)	2 450	2 227
Net debt:equity ratio	(0.00):1	(0.03):1
Capital expenditure	913 042	1 645 526

	31 December 2015 R000	31 December 2015 US\$000	31 December 2014 R000	31 December 2014 US\$000
Capital commitments	122 723	41 845	82 500	15 561
Authorised by directors and contracted for	122 723	25 304	81 290	15 561
Due within one year	11 020	25 146	79 974	517
Due thereafter	111 703	158	1 316	15 044
Authorised by directors not yet contracted for	–	16 541	1 210	–



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

SUMMARISED CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

	Audited 31 December 2015 R000	Audited 31 December 2014 R000
Revenue	10 192 369	13 912 482
Earnings before interest, taxation, depreciation and amortisation	1 098 900	1 166 011
Depreciation and amortisation	(675 482)	(547 143)
Operating profit before interest and taxation	423 418	618 868
Non-trading items	(1 587 631)	235 256
Interest received	254 063	234 687
Interest paid	(220 731)	(216 621)
(Loss)/profit before share of joint venture and associate companies' profit	(1 130 881)	872 190
Share of joint venture companies' (loss)/profit after taxation	(120 097)	314 265
Share of associate companies' profit after taxation	72 660	83 145
(Loss)/profit before taxation	(1 178 318)	1 269 600
Taxation	(190 255)	(193 623)
Net (loss)/profit for the year	(1 368 573)	1 075 977
Attributable to:		
Ordinary shareholders	(1 426 473)	1 001 191
Preference shareholders	61 141	59 094
Owners of the parent	(1 365 332)	1 060 285
Non-controlling interests	(3 241)	15 692
	(1 368 573)	1 075 977
Exchange rates (ZAR/US\$)		
Opening exchange rate	11.57	10.55
Closing exchange rate	15.60	11.57
Average exchange rate	12.78	10.88
Reconciliation of headline earnings		
(Loss)/profit attributable to ordinary shareholders	(1 426 473)	1 001 191
Adjusted for:	1 985 296	(271 804)
Impairment of goodwill	-	20 000
Impairment of other investments	612 365	64 759
Impairment of ships, intangibles, vehicles, terminals and equipment	1 205 990	233 396
Net profit on disposal of investments	(216 919)	(436 169)
Net (profit)/loss on disposal of plant and equipment	(448)	6 023
Negative goodwill realised	(13 233)	(23 521)
Foreign currency translation reserve release	(124)	(99 744)
Joint ventures:		
Foreign currency translation reserve release	2 447	-
Net (profit)/loss on disposal of plant and equipment	(471)	162
Impairment of ships and property	382 428	3 698
Impairment of other investments	17 252	-
Total non-controlling interest effects of adjustments	(2 233)	-
Total taxation effects of adjustments	(1 758)	(40 408)
Headline earnings	558 823	729 387
Ordinary share performance		
Number of shares in issue less treasury shares (000s)	750 959	751 619
Weighted average number of shares (basic) (000s)	751 452	678 348
Diluted weighted average number of shares (000s)	754 146	681 330
(Loss)/earnings per share:		
Basic (cents)	(189.8)	147.6
Diluted (cents)	(189.8)	146.9
Headline earnings per share:		
Basic (cents)	74.4	107.5
Diluted (cents)	74.1	107.1
Dividends per share:		
Interim (cents)	19.6	33.6
Final (cents)	13.6	13.6
Dividend cover (headline) (times)	6.0	20.0
	3.8	3.2

SUMMARISED CONSOLIDATED

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Audited 31 December 2015 R000	Audited 31 December 2014 R000
(Loss)/profit for the year	(1 368 573)	1 075 977
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	3 396 262	844 873
Net movement in cash flow hedges	21 045	(77 368)
Business combination	(6 906)	(1 455)
Items that will not be reclassified subsequently to profit or loss		
Actuarial (losses)/gains	(45)	1 147
Fair value gain arising on available-for-sale instruments	1 493	–
Total comprehensive income for the year	2 043 276	1 843 174
Total comprehensive income attributable to:		
Owners of the parent	2 054 339	1 827 181
Non-controlling interest	(11 063)	15 993
	2 043 276	1 843 174

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Audited 31 December 2015 R000	Audited 31 December 2014* R000
Operating profit before working capital changes	1 190 897	1 222 860
Working capital changes	221 723	619 164
Cash generated from operations	1 412 620	1 842 024
Net interest paid	(9 403)	(34 563)
Net dividends paid	(150 996)	(170 107)
Taxation paid	(188 251)	(223 789)
Net deposits from/(net advances to) customers and other short-term negotiables	1 063 970	1 413 565
Deposits – Retail Banking	1 253 006	(768 862)
Other	232 343	(14 223)
Net cash flows generated from operating activities before ship sales and purchases	2 549 319	630 480
Refund on ships under construction cancelled	319 838	–
Proceeds on disposal of ships	158 414	234 317
Cash payments on ship options exercised	–	(116 221)
Capital expenditure on ships	(198 980)	(192 694)
Net cash flows generated from operating activities	2 828 591	555 882
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	(616 269)	(955 954)
Net proceeds from disposal of property, terminals, vehicles, equipment and investments	68 301	383 273
Net receipt from/(payments made to acquire) finance lease receivables	19 931	(4 834)
Intangible assets acquired	(26 035)	(58 248)
Proceeds from disposal of intangible assets	1 027	–
Funds advanced to joint ventures and associate companies	(264 028)	(327 486)
Acquisition of preference share investment	(14 650)	(400 000)
Acquisition of additional investments in subsidiaries, joint ventures and associates	(307 723)	(183 634)
Net cash flows utilised in investing activities	(1 139 446)	(1 546 883)
Net proceeds from issue of ordinary share capital	6 255	3 978 573
Acquisition of treasury shares	(25 710)	(37 563)
Proceeds from disposal of treasury shares	366	144
Long-term interest-bearing debt raised	499 225	726 945
Payment of capital portion of long-term interest-bearing debt	(1 459 032)	(1 080 843)
Short-term interest-bearing debt raised/(repaid)	51 443	(1 588 273)
Net cash flows [utilised in]/generated from financing activities	(927 453)	1 998 983
Net increase in cash and cash equivalents	761 692	1 007 982
Cash and cash equivalents at beginning of the year	7 188 626	6 131 503
Difference arising on translation	390 599	49 141
Cash and cash equivalents at end of the year	8 340 917	7 188 626

* The comparative consolidated statement of cash flows has been restated to disclose funds provided to joint ventures as investing activities in terms of IAS 7: Statement of Cash Flows.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Audited 31 December 2015 R000	Audited 31 December 2014 R000
Share capital and share premium	5 970 727	5 982 924
Balance at beginning of the year	5 982 924	2 036 992
Share options vested	6 892	4 778
Share issue	6 255	3 978 573
Treasury shares acquired	(25 710)	(37 563)
Treasury shares sold	366	144
Preference share capital	2	2
Balance at beginning of the year	2	2
Equity compensation reserve	63 643	57 566
Balance at beginning of the year	57 566	50 551
Share-based payments	12 969	11 793
Share options vested	(6 892)	(4 778)
Foreign currency translation reserve	6 063 103	2 661 342
Balance at beginning of the year	2 661 342	1 916 514
Foreign currency translation realised	(2 323)	(99 744)
Foreign currency translation adjustments	3 404 084	844 572
Other non-distributable statutory reserves	(126 302)	(123 092)
Balance at beginning of the year	(123 092)	(23 151)
Financial instrument hedge settlement	65 483	-
Foreign currency translation adjustments	(22 540)	(1 455)
Fair value adjustment on hedging reserve	(34 607)	(76 975)
Deferred tax effect on cash flow hedge	5 804	(393)
Net business combination acquisition	(17 350)	(21 118)
Movement in accumulated profit	7 174 992	8 853 554
Balance at beginning of the year	8 853 554	8 055 520
Fair value gain arising on available-for-sale financial instruments	1 493	-
Actuarial (losses)/gains recognised	(45)	1 147
(Loss)/profit for the year	(1 365 332)	1 060 285
Ordinary dividends paid	(253 537)	(204 304)
Preference dividends paid	(61 141)	(59 094)
Total interest of shareholders of the company	19 146 165	17 432 296
Equity attributable to non-controlling interests of the company	(6 274)	48 185
Balance at beginning of the year	48 185	96 239
Foreign currency translation adjustments	(7 822)	301
Business acquisitions	-	21 548
Non-controlling interest disposed	(1 494)	(78 685)
(Loss)/profit for the year	(3 241)	15 692
Dividends paid	(41 902)	(6 910)
Total equity attributable to shareholders of the company	19 139 891	17 480 481

SEGMENTAL ANALYSIS

for the year ended 31 December 2015

	Audited 31 December 2015 R000	Audited 31 December 2014 R000
Revenue		
Freight Services	5 059 813	5 653 512
Shipping	22 058 351	22 106 063
Financial Services	452 756	376 912
Group	424 499	4 580 465
Segmental adjustments*	27 995 419 (17 803 050)	32 716 952 (18 804 470)
	10 192 369	13 912 482
Earnings/(loss) before interest, taxation, depreciation and amortisation		
Freight Services	837 685	1 053 611
Shipping	662 177	638 913
Financial Services	255 011	175 210
Group	(7 415)	(42 750)
Segmental adjustments*	1 747 458 (648 558)	1 824 984 (658 973)
	1 098 900	1 166 011
Operating profit/(loss) before interest and taxation		
Freight Services	438 528	732 073
Shipping	169 473	227 421
Financial Services	250 318	171 401
Group	(12 159)	(58 597)
Segmental adjustments*	846 160 (422 742)	1 072 298 (453 430)
	423 418	618 868
Share of associate companies' profit after taxation		
Freight Services	71 879	79 538
Group	-	3 607
Segmental adjustments*	71 879 781	83 145 -
	72 660	83 145
(Loss)/profit attributable to ordinary shareholders		
Freight Services	(108 994)	613 269
Shipping	(1 495 674)	223 765
Financial Services	164 662	111 979
Group	13 533	52 178
	(1 426 473)	1 001 191

* 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

for the year ended 31 December 2015

Business combinations

Acquisition of subsidiaries, joint ventures and associates

During the year, the group acquired the following interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2015	Purchase consideration R000
Grindrod Asset Management Holdings Proprietary Limited	Financial Services	4.9	15 April	16 995
Grindrod Logistics Africa Proprietary Limited	Integrated Logistics	33.3	24 February	3 692
RBT Grindrod Terminals Proprietary Limited	Terminals	49.9	1 October	378 751
Sturrock Shipping Ghana Limited	Integrated Logistics	50.0	1 January	–
Total purchase consideration				399 438

Reasons for acquisitions

The reason for the RBT Grindrod Terminals Proprietary Limited acquisition was to introduce a strategic partner to facilitate long-term operational goals within the coal business. The remaining acquisitions were to acquire the non-controlling interests, thus giving Grindrod full control.

Impact of the acquisitions on the results of the group

From the dates of their acquisition, the acquired businesses contributed additional losses of R7.3 million.

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

Net assets acquired/(disposed)	Acquirees' carrying amount before combination at fair value R000
Property, plant and equipment	(91 952)
Interest in associate companies	(480)
Working capital	(102 294)
Cash and bank	616
Non-controlling interest	1 494
Long-term liabilities	23 779
Interest in preference share investment and joint venture companies acquired	378 751
Deferred taxation	3 179
Total	213 093
Less: profit on sale on disposal of operations	(211 599)
Business combination reserve	19 193
Total purchase consideration	20 687
Cash acquired	(616)
Net assets acquired	20 071

Disposal of subsidiaries, joint ventures and associates

The group had no material disposals during the year.



Contingent assets/liabilities

as at 31 December 2015

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R5 895 868 000 (2014: R6 263 550 000) of which R2 714 947 000 (2014: R2 231 427 000) had been utilised at year-end.

The company guaranteed charter-hire payments of subsidiaries amounting to R1 082 546 000 (2014: R1 137 690 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2016 to 2022.

During the year, as a result of the decline in the share price, Grindrod placed R190 618 106 on deposit as security with the funders of the BEE consortium 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.

Leases and ship charters

for the year ended 31 December 2015

	Audited 31 December 2015 R000	Audited 31 December 2014 R000
Operating leases and ship charters		
Income	1 345 991	1 134 933
Expenditure	5 303 916	4 522 157
Finance lease liabilities	-	41 969

SUMMARISED CONSOLIDATED NOTES

continued *for the year ended 31 December 2015*

Fair value of financial instruments

as at 31 December 2015

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

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

	Audited 31 December 2015 R000	Audited 31 December 2015 R000	Audited 31 December 2015 R000	Audited 31 December 2015 R000
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	–	8 290	–	8 290
Financial assets designated at fair value through profit or loss	23 758	483 602	880 936	1 388 296
Total	23 758	491 892	880 936	1 396 586
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)

	Audited 31 December 2014* R000	Audited 31 December 2014* R000	Audited 31 December 2014* R000	Audited 31 December 2014* R000
Financial assets				
Financial assets designated at fair value through profit or loss	23 762	254 766	552 329	830 857
Total	23 762	254 766	552 329	830 857
Financial liabilities				
Derivative financial instruments	–	(88 540)	–	(88 540)
Financial liabilities designated at fair value through profit or loss	–	(134 241)	–	(134 241)
Total	–	(222 781)	–	(222 781)

* 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 R77.7 million (2014*: R84.1 million).


Reconciliation of Level 3 fair value measurements of financial assets

	Audited 31 December 2015 R000	Audited 31 December 2014* R000
Opening balance	552 329	344 911
Additions	276 757	143 811
Disposals	(25 815)	(20 511)
Total gains recognised		
– in other comprehensive income	2 206	–
Reclassified to profit or loss	–	–
Profit and loss	75 459	84 118
Closing balance	880 936	552 329

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

SHARE ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 December 2015

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	12 874	71.69	22 196 509	2.91
5 001 to 10 000 shares	2 331	12.98	16 804 856	2.20
10 001 to 50 000 shares	2 184	12.16	44 101 945	5.78
50 001 to 100 000 shares	252	1.40	17 471 086	2.29
100 001 shares and over	318	1.77	661 978 918	86.82
	17 959	100.00	762 553 314	100.00
Non-public shareholders	8	0.08	186 687 747	24.57
Directors of the company	8	0.04	2 573 478	0.34
Treasury stock	1	0.01	11 594 345	1.52
Strategic holdings	1	0.01	173 183 235	22.71
Public shareholders	17 949	99.94	575 202 256	75.43
	17 959	100.00	762 553 314	100.00
Investor profile				
Banks and brokers	78	0.43	72 985 287	9.57
Close corporations	204	1.13	3 831 875	0.50
Empowerment	1	0.01	64 000 000	8.39
Endowment funds	115	0.64	1 870 644	0.25
Individuals	13 598	75.66	75 279 947	9.87
Insurance companies	50	0.28	39 434 799	5.17
Investment companies	16	0.09	2 500 148	0.33
Medical schemes	19	0.10	769 811	0.10
Mutual funds	154	0.86	77 041 010	10.10
Other corporations	111	0.62	867 879	0.11
Own holdings	1	0.01	11 594 345	1.52
Private companies	436	2.43	94 755 581	12.43
Public companies	12	0.07	5 040 163	0.66
Retirement funds	277	1.54	95 201 407	12.49
Strategic investor	1	0.01	173 183 235	22.71
Trusts	2 896	16.12	44 197 183	5.80
	17 959	100.00	762 553 314	100.00
Geographical breakdown				
South Africa	17 648	98.27	661 128 069	86.70
United States of America and Canada	56	0.31	60 089 378	7.88
United Kingdom	75	0.42	26 343 488	3.45
Rest of Europe	42	0.23	10 262 389	1.35
Rest of the World	138	0.77	4 729 990	0.62
	17 959	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)			74 209 634	9.73
Government Employees Pension Fund			72 035 624	9.45
Newshelf 1279 Proprietary Limited			64 000 000	8.39
			383 428 493	50.28
Top 10 fund managers				
Public Investment Corporation			60 651 198	7.95
Dimensional Fund Advisors			23 975 439	3.14
Old Mutual Investment Group			20 061 080	2.63
PSG Asset Management			19 099 910	2.50
Sanlam Investment Management			17 601 715	2.31
STANLIB Asset Management			16 471 289	2.16
Coronation Fund Managers			16 386 222	2.15
Allan Gray Asset Management			16 218 985	2.13
Oasis Asset Management			14 048 056	1.84
The Vanguard Group, Inc.			12 511 169	1.64
			217 025 063	28.46

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

as at 31 December 2015

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	1 795	88.12	2 488 350	33.63
5 001 to 10 000 shares	118	5.79	877 154	11.85
10 001 to 50 000 shares	105	5.15	1 919 598	25.94
50 001 to 100 000 shares	13	0.64	968 496	13.09
100 001 shares and over	6	0.29	1 146 402	15.49
	2 037	100.00	7 400 000	100.00
Non-public shareholders	2	0.10	13 796	0.19
Public shareholders	2 035	99.90	7 386 204	99.81
	2 037	100.00	7 400 000	100.00
Investor profile				
Banks and brokers	3	0.15	4 100	0.06
Close corporations	24	1.18	54 096	0.73
Endowment funds	22	1.08	151 661	2.05
Individuals	1 385	67.99	3 042 114	41.11
Insurance companies	6	0.29	157 358	2.13
Investment companies	1	0.05	32 234	0.44
Medical schemes	1	0.05	9 046	0.12
Mutual funds	40	1.96	1 575 325	21.29
Other corporations	7	0.34	42 810	0.58
Own holdings	1	0.05	12 187	0.16
Private companies	77	3.78	544 545	7.36
Public companies	1	0.05	178 390	2.41
Retirement funds	14	0.69	126 444	1.71
Trusts	455	22.34	1 469 690	19.86
	2 037	100.00	7 400 000	100.00
Geographical breakdown				
South Africa	2 018	99.07	7 357 910	99.43
United States of America and Canada	9	0.44	31 741	0.43
United Kingdom	7	0.34	7 549	0.10
Rest of Europe	2	0.10	1 500	0.02
Rest of the World	1	0.05	1 300	0.02
	2 037	100.00	7 400 000	100.00

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the forty-ninth annual general meeting of Grindrod Limited (the company) will be held in the boardroom, 1st Floor, Quadrant House, 115 Margaret Mncadi Avenue, Durban on Friday, 27 May 2016 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 2015 are available for inspection at the registered office of the company until 16:00 on 25 May 2016.

1. Presentation of annual financial statements and reports

- 1.1 To present the audited annual financial statements for the financial year ended 31 December 2015, together with the reports of the audit committee, the directors and the auditors.
- The summarised consolidated annual financial statements for 2015 are set out on pages 98 to 107 of the integrated annual report. A copy of the full audited annual financial statements is available on the company's website at www.grindrod.co.za.
- 1.2 To present the report of the social and ethics committee, set out on pages 90 to 91 of the integrated annual report.

2. Ordinary resolutions

2.1 Ordinary resolution 2.1: Re-election of 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 H Adams
- 2.1.2 WD Geach
- 2.1.3 PJ Uys
- 2.1.4 NL Sowazi

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 62 to 67 of the integrated annual report.

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

To, in accordance with article 5.1(5) of the MOI, confirm the appointment of the following director, appointed by the board since the previous annual general meeting:

- 2.2.1 B Ntuli

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

A brief CV of the director is provided on page 64 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 64 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 T Nyoka

Brief CVs of the audit committee members are provided on pages 64 and 65 of the integrated annual report.



2.5 Ordinary resolution 2.5: Re-appointment of independent auditors and re-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 re-appointment of CA Sagar as designated audit partner, to hold office until the next annual general meeting.

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

2.6 Ordinary resolution 2.6 of 75%: Approval of amendment to the rules of the forfeitable share plan

To vote on the approval of the amendments to the rules of the forfeitable share plan, in terms of rule 15.2.9 of the forfeitable share plan, which authorises the remuneration committee of the company to alter, vary or add to the terms and conditions of the rules as it sees fit, provided that prior approval of the JSE as well as of shareholders by ordinary resolution of 75% of shareholders present or by proxy, in general meeting, excluding all the votes attached to forfeitable shares and all shares owned and controlled by persons who are existing participants in the forfeitable share plan and which have been acquired under the forfeitable share plan.

To amend clause 7.1 by deleting reference to Rule 9.2 and to replace with Rule 9.6.

To delete clause 9.2.1 (i):

If a participant's employment with any employer company terminates prior to the vesting date by reason of:

- (i) Death; or

To add clause 9.6:

- 9.6 If a participant's employment with any employer company terminates prior to the vesting date by reason of death, the awards will vest immediately.

Explanatory note

During 2012 the forfeitable share plan was introduced as a senior management retention initiative. In terms of the existing scheme rules where a participant's employment is terminated by reason of death, retirement, ill-health, injury, disability and sale of the employer company, the awards vest proportionately until termination date. As the purpose of the plan is retention linked to performance, it is therefore not considered appropriate to include proportionate vesting if termination of employment is by reason of death.

2.7 Ordinary resolution 2.7 of 75%: Extension to the expiry date of the options of the share option scheme

The share option scheme was approved at the annual general meeting on 20 May 1992, with subsequent amendments approved between 1995 and 2007. There is currently only one participant, being Mr Alan Keith Olivier, Group Chief Executive Officer, as the scheme has been closed to new participants since 2007. Mr Olivier currently holds 400 000 vested ordinary share options under the scheme, which was due to expire on 23 November 2015.

Upon application, the JSE has granted an extension to the expiry date of the options on the following terms:

- The immediate extension of the expiry date must be for a fixed term of no longer than five years; and
- The amendment to the expiry date of the scheme is subject to shareholder approval at the annual general meeting, failing which the options shall expire one week after the annual general meeting.

The extension of the expiry date of the options does not result in a change to the strike price or any other salient terms of the scheme.

To vote on the approval of the amendments to the rules of the share option scheme, as set out below:

To renumber the original clause 4.4 to clause 4.4(a) and to add clause 4.4(b):

- 4.4(a) Each option granted will remain in force for a period of 10 years after the date of granting the option, unless it lapses as hereinafter provided.
- 4.4(b) The period after the date of granting the option may be extended (not reduced) for a fixed term not exceeding five years, subject to:
 - i. approval of the board of directors in terms of section 5.6.

NOTICE OF THE ANNUAL GENERAL MEETING continued

2.8 Ordinary resolution 2.8: 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, 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 2.8 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 2.8 above to be approved, it must be supported by more than 50% of the voting rights exercised.

2.9 Ordinary resolution 2.9 of 75%: General authority to issue shares for cash

That, as an ordinary resolution, and subject to ordinary resolution number 2.8 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 2.8 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;
- 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 750 958 969 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 2.9 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 2.9 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 2015 to 30 June 2016, as set out below, be approved.

	Member/Directors/Chairman	Present	Proposed
Board of directors	Chairman	R802 500	R851 000
	Non-executive director	R257 870 £22 000	R273 500 £23 320
Audit committee	Chairman	R206 510	R219 000
	Member	R114 500	R121 500
Investment committee	Chairman	Nil	Nil
	Standing member	Nil	R81 000
	Ad hoc member	Nil	R20 250 per meeting
Nomination committee	Chairman	R114 500	R121 500
	Member	R63 200	R67 000
Remuneration committee	Chairman	R114 500	R121 500
	Member	R63 200	R67 000
Risk management committee	Chairman	R137 680	R146 000
	Member	R76 340	R81 000
Social and ethics committee	Chairman	R96 300	R102 100
	Member	R57 800	R61 500

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

3.2 Special resolution 3.2: General authority to provide financial assistance in terms of section 44 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 Memorandum of Incorporation 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.

NOTICE OF THE ANNUAL GENERAL MEETING continued

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: Repurchase of the company's ordinary shares

That, as a general approval, the directors of the company be and they are hereby authorised, subject to the provisions of section 48, read with section 46 of the Act and of the JSE Listings Requirements, to approve the 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.



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 80 of the integrated annual report be and is hereby confirmed.



In terms of the King Report on Governance for South Africa, 2009 (King III), an advisory vote should be put to the shareholders relating to the group remuneration policy. The vote allows the shareholders to express their views on the remuneration policy adopted and implemented, but is not binding on the company.

Other business

To transact such other business as may be required at this annual general meeting.

Record dates

The record date for purposes of determining which shareholders are entitled to receive this notice is Thursday, 24 March 2016.

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, 20 May 2016. Accordingly, the last date to trade in order to be eligible to attend and vote at the annual general meeting is Friday, 13 May 2016. Forms of proxy for the annual general meeting are to be lodged by 14:00 on Wednesday, 25 May 2016.

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 Friday, 27 May 2016, preference shareholders are entitled to attend the meeting and to vote together with ordinary shareholders in respect of special resolution number 3.4 regarding renewal of the authority of directors to repurchase 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 resolutions 2.6; 2.7 and 2.9, which require 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.

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 24 May 2016 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

NOTICE OF THE ANNUAL GENERAL MEETING continued

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
22 March 2016

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 forty-ninth 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 Friday, 27 May 2016 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. H Adams			
2.1.2. WD Geach			
2.1.3. PJ Uys			
2.1.4. NL Sowazi			
Ordinary resolution no. 2.2 : Confirmation of appointment of newly appointed directors			
2.2.1. B Ntuli			
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. T Nyoka			
Ordinary resolution no. 2.5 : Re-appointment of independent auditors and re-appointment of designated audit partner			
2.5.1. Re-appointment of Deloitte & Touche as independent auditors			
2.5.2. Re-appointment of CA Sagar as designated audit partner			
Ordinary resolution no. 2.6 of 75%: Approval of amendment to the rules of the forfeitable share plan			
Ordinary resolution no. 2.7 of 75%: Extension to the expiry date of the options of the share option scheme			
Ordinary resolution no. 2.8 : General authority to directors to allot and issue ordinary shares			
Ordinary resolution no. 2.9 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 : Repurchase of the company's ordinary shares			
Non-binding advisory vote 4.1 : Confirmation of the group remuneration policy			

Date:

Signature:

Please read the notes and instructions overleaf.

NOTES TO THE FORM OF PROXY

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
2. In accordance with the company's MOI, voting shall be by poll only.
3. Please indicate with an "X" in the appropriate spaces overleaf how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain at his/her discretion.

Instructions on signing and lodging the form of proxy

1. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.
3. When there are joint holders of shares, any one holder may sign the form of proxy. In the event of any dispute, the first name appearing in the register shall be taken as the shareholder.
4. The chairman of the meeting shall be entitled to decline to accept the authority of a person signing the proxy form:
 - (a) under a power of attorney; or
 - (b) on behalf of a company;unless that person's power of attorney or authority is deposited at the offices of the company's share transfer secretaries not less than 48 (forty-eight) hours before the meeting together with the form of proxy.
5. The completion and lodging of this form of proxy will not preclude the member who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
6. Completed forms of proxy should be lodged at or posted to the company's share transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), South Africa, so as to reach them not later than 48 (forty-eight) hours before the time set for the holding of the meeting.

ABBREVIATIONS

Abbreviation	Definition
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
CDP	Carbon Disclosure Project
CEO	Chief executive officer
CFO	Chief financial officer
CFM	Ports and Railway Company of Mozambique
CIS	Collective Investment Scheme
company	Grindrod Limited
COBIT	Control Objectives for Information and Related Technology
CSDP	Central Securities Depository Participant
DPW	Dubai Ports World
DRC	Democratic Republic of Congo
dwt	Deadweight Tonne
EBITDA	Earnings Before Interests, Tax, Depreciation and Amortisation
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
ETF	Exchange Traded Fund
EV/BITDA	Enterprise Value / EBITDA
EXCO	Executive Committee
FSB	Financial Services Board
FSP	Forfeitable Share Plan
FTE	Full Time Equivalent
FTSE	Financial Times Stock Exchange
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
IRBA	Independent Regulatory Board for Auditors
IRMSA	Institute of Risk Management South Africa
IRR	Internal Rate of Return
<IR>	Integrated Reporting
ISO	International Standards Organisation
IT	Information Technology
IVS	Island View Shipping
JSE	Johannesburg Stock Exchange Limited

Abbreviation	Definition
JV	Joint venture
King III	2009 King Report on Corporate Governance for South Africa
kl	Kilolitre
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
MOI	Memorandum of incorporation
MPDC	Maputo Port Development Company
mt	Metric tonnes
mtpa	Metric tonnes per annum
Nersa	National Energy Regulator of South Africa
NLPI	NLPI Limited
NM	Nautical Mile
NO _x	Nitrous Oxide
OACL	Ocean Africa Container Lines
OHSAS	Occupational Health and Safety Advisory Services
OTGC	Oiltanking Grindrod Calulo
PMBOK	Project Management Body of Knowledge
PMO	Project Management Office
PRINCE II	Projects In Controlled Environments II
RBTG	RBT Grindrod
REITs	Real Estate Investment Trusts
SAICA	South African Institute of Chartered Accountants
SASSA	South African Social Security Agency
SGM	Sturrock Grindrod Maritime
SHEQ	Safety, Health, Environment and Quality
SHERQ	Safety, Health, Environment, Risk and Quality
SO _x	Sulphur Oxide
SRI	Social Responsibility Investment (index)
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)
UK	United Kingdom
UN	United Nations
UNICORN	Unicorn Shipping
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 branch line 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).

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.

Charterer

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

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 of 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.

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.

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.

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.

TERMS AND EXPRESSIONS continued

Off-hire

Period during which a vessel is temporarily unable to operate under the terms of its charter, resulting in loss of income under the charter.

Operator

A person/company who trades in ships and cargo.

P&I

Protection and indemnity insurance coverage taken by a shipowner or charterer against third party liabilities such as oil pollution, cargo damage, crew injury or loss of life, etc.

Panamax bulk carrier

Dry-bulk carrier of about 60 000 to 80 000 dwt with beam not exceeding 32.2 metres which permits it to transit, when fully loaded, through the Panama Canal. Panamax vessels are primarily used to transport major bulks, although they can be used to transport certain minor bulks such as fertilisers, ores, petcoke and salt.

Period market

The time charter market where a ship (or space on a ship) is chartered for a period of time (see Time Charter).

Petrochemicals

Chemicals containing carbon, often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal.

Products tanker

A tanker designed to carry refined petroleum products in bulk, on occasion in multiple tanks.

Shunting locomotive

Small locomotive exclusively used for shunting operations.

Spot market

The market for immediate chartering of a vessel, usually for a single cargo or short-term trading.

Spot rate

Freight rate for a voyage agreed on the basis of current market level.

Supramax bulk carrier

Dry-bulk carrier within the handymax sector of about 50 000 dwt to 63 000 dwt, which is usually grab fitted and carries a wide variety of cargoes including major bulk and minor bulk cargoes.

Take-or-pay agreement

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

Technical management

Management of those aspects of ship owning and operation that relate to the physical operation of a vessel, including the provision of crew, routine maintenance, repairs, dry-docking, supplies of stores and spares, compliance with all applicable international regulations, safety and quality management, environment protection, newbuilding plan approval and newbuilding supervision and related technical and financial reporting.

Time charter

Charter for an agreed period of time where the shipowner is paid on a per-day basis and is responsible for operating the vessel and paying the vessel operating costs while the charterer is responsible for paying the voyage costs and bears the risk of filling the vessel with cargo and any delays at port or during the voyage, except where caused by a defect of the ship.

Time charter equivalent or TCE

Freight and charter-hire less voyage costs incurred expressed as a daily rate over the duration of the voyage.

Tonnage

A generic term referring to any kind of ocean-going cargo vessel or vessels.

Twenty-foot equivalent unit or TEU

The standard length of a container and the measurement used to determine the container carrying capacity of a container ship.

Vessel operating costs

These consist of crew expenses, insurance, spare parts, stores and lubricating oils, vessel repairs and surveys, commissions and other miscellaneous running costs.

Voyage charter

Charter under which a shipowner is paid freight on the basis of transporting cargo from a load port to a discharge port and is responsible for paying both vessel operating costs and voyage costs.

Voyage costs

Bunker costs, port charges and canal dues (or tolls) incurred during the course of a voyage.

Wagon

Rail carriage used for the haulage of freight.