GRINDROD LIMITED

AUDITED RESULTS AND DIVIDEND ANNOUNCEMENT

for the year ended 31 December 2011

CONTENTS

FEATURES

Group

- R2 billion strategic capital raising concluded
- Attributable income declined 32% to R530,9 million
- Headline earnings per share of 99,6 cents (2010: 167,7 cents)
- Final ordinary dividend of 12,0 cents per share (total of 29,5 cents per share for the year)

Freight Services

- 21% growth in earnings
- Increased coal capacity at Maputo and Richards Bay terminals
- Pre-feasibility to expand Maputo Coal Terminal capacity by 20 million tonnes successfully completed
- Improved rail delivery to Maputo Coal Terminal and Richards Bay
- Locomotive manufacturing and leasing contracts secured in Sierra Leone and Mozambique
- Construction license granted to co-develop a bulk liquid storage facility at Coega
- Improved volumes in the Logistics division

Trading

- 20% growth in earnings
- Strong performance by marine fuels business

Shipping

- Earnings remained positive despite weak shipping markets
- Average earnings per day outperformed average spot market rates for the year

Financial Services

- Earnings increased by 30%
- Bank deposits grew 44% to R2,9 billion
- Assets under management increased 33% to R6,2 billion

CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2011

	Change %	31 December Audited 2011 R000	31 December Audited 2010* R000
Revenue	22	**35 885 258**	29 390 576
Earnings before interest, taxation, depreciation and amortisation	(15)	**1 005 537**	1 182 649
Depreciation and amortisation		**(362 979)**	(295 314)
Operating profit before interest and taxation	(28)	**642 558**	887 335
Non-trading items		**60 152**	13 448
Interest received		**169 709**	128 042
Interest paid		**(218 647)**	(179 038)
Profit before share of associate and joint venture companies' profit		**653 772**	849 787
Share of associate companies' profit after taxation		**4 291**	39 908
Share of joint venture companies' profit after taxation		**114 024**	69 569
Profit before taxation	(20)	**772 087**	959 264
Taxation	(54)	**(175 363)**	(114 189)
Profit for the year		**596 724**	845 075
Attributable to			
Ordinary shareholders	(32)	**530 905**	780 252
Preference shareholders		**53 271**	58 594
Owners of the parent		**584 176**	838 846
Non-controlling interests		**12 548**	6 229
		596 724	845 075
Exchange rates (R/US$)			
Opening exchange rate		**6,62**	7,37
Closing exchange rate		**8,11**	6,62
Average exchange rate		**7,27**	7,34

		Change %	31 December Audited 2011 R000	31 December Audited 2010* R000
Reconciliation of headline earnings				
Profit attributable to ordinary shareholders			**530 905**	780 252
Adjusted for:			**(54 543)**	(17 951)
IAS 38 Impairment of Goodwill			**9 168**	39 165
IAS 38 Reversal of Impairment of Intangible Asset in respect of Charters			**–**	(2 903)
IAS 38 Impairment of Other Investment			**5 849**	–
IAS 16 Reversal of Impairment of Ships, Plant and Equipment			**(18 067)**	(19 989)
IFRS 3 Net Profit on Disposal of Investments			**(48 180)**	(11 104)
IAS 16 Net Profit on Sale of Plant and Equipment			**(8 922)**	(1 761)
IAS 21 FCTR Adjustment on Disposal of Investment			**–**	(16 856)
Total taxation effects of adjustments			**5 609**	(4 503)
Headline earnings			**476 362**	762 301
Ordinary share performance				
Number of shares in issue less treasury shares	(000's)		**589 536**	455 803
Weighted average number of shares on which earnings per share are based	(000's)		**478 234**	454 591
Diluted weighted average number of shares on which diluted earnings per share are based	(000's)		**479 192**	455 912
Earnings per share	(cents)			
Basic		(35)	**111,0**	171,6
Diluted		(35)	**110,8**	171,1
Headline earnings per share	(cents)			
Basic		(41)	**99,6**	167,7
Diluted		(41)	**99,4**	167,2
Dividends per share	(cents)	(46)	**29,5**	54,0
Interim			**17,5**	27,0
Final			**12,0**	27,0
Dividend cover	(times)		**3,8**	3,2

**Restated due to the early adoption of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 (as revised in 2011) Separate Financial Statements, IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures and IFRS 12 Disclosure of Interests in Other Entities.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	31 December Audited 2011 R000	31 December Audited 2010* R000
Ships, property, terminals, vehicles and equipment	**5 267 565**	4 564 226
Investment property	**22 096**	–
Intangible assets	**547 931**	648 729
Investments in associates	**266 081**	243 915
Investments in joint ventures	**719 528**	801 724
Deferred taxation	**89 472**	162 379
Other investments and derivative financial assets	**129 478**	92 066
Recoverables on cancelled ships	**380 566**	–
Total non-current assets	**7 422 717**	6 513 039
Loans and advances to bank customers	**2 073 903**	1 709 796
Liquid assets and short-term negotiable securities	**190 259**	129 365
Short-term loans	**771 658**	519 818
Bank balances and cash	**2 979 172**	1 149 857
Other current assets	**3 525 376**	3 869 555
Non-current assets held for sale	**3 467 286**	–
Total assets	**20 430 371**	13 891 430
Shareholders' equity	**9 216 769**	5 856 861
Non-controlling interests	**94 336**	113 854
Total equity	**9 311 105**	5 970 715
Deferred taxation	**124 796**	117 349
Provision for post-retirement medical aid	**52 336**	49 628
Interest-bearing borrowings	**2 226 575**	1 314 553
Other non-current liabilities	**33 669**	31 137
Non-current liabilities	**2 437 376**	1 512 667
Deposits from bank customers	**2 910 945**	2 016 137
Current interest-bearing borrowings	**2 147 704**	2 013 420
Other liabilities	**1 206 290**	2 378 491
Non-current liabilities associated with assets held for sale	**2 416 951**	–
Total equity and liabilities	**20 430 371**	13 891 430
Net worth per ordinary share – at book value (cents)	**1 454**	1 122
Net debt:equity ratio	**0,10:1**	0,31:1
Capital expenditure	**1 166 228**	1 784 914
Capital commitments	**472 423**	1 182 245
Authorised by directors and contracted for	**247 016**	843 184
Due within one year	**199 190**	693 294
Due thereafter	**47 826**	149 890
Authorised by directors not yet contracted for	**225 407**	339 061

SEGMENTAL ANALYSIS

for the year ended 31 December 2011

	31 December Audited 2011 R000	31 December Audited 2010* R000
Revenue		
Freight Services	**2 905 067**	2 390 348
Trading	**29 189 365**	22 795 502
Shipping	**3 596 835**	4 009 869
Financial Services	**193 558**	192 531
Group	**433**	2 326
	35 885 258	29 390 576
Earnings before interest, taxation, depreciation and amortisation		
Freight Services	**571 559**	419 064
Trading	**165 634**	173 152
Shipping	**188 144**	497 343
Financial Services	**81 512**	90 240
Group	**(1 312)**	2 850
	1 005 537	1 182 649
Operating profit before interest and taxation		
Freight Services	**382 342**	241 806
Trading	**154 510**	164 654
Shipping	**29 867**	392 208
Financial Services	**80 462**	88 997
Group	**(4 623)**	(330)
	642 558	887 335
Share of associate companies' profit after taxation		
Freight Services	**4 291**	39 908
	4 291	39 908
Share of joint venture companies' profit after taxation		
Freight Services	**66 638**	65 586
Trading	**32 973**	1 228
Shipping	**14 413**	2 755
	114 024	69 569
Attributable income to ordinary shareholders		
Freight Services	**317 831**	262 080
Trading	**143 989**	120 074
Shipping	**6 801**	362 220
Financial Services	**58 398**	44 952
Group	**3 886**	(9 074)
	530 905	780 252

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

	Ordinary share capital R000	Preference share capital R000	Share premium R000	Equity com-pensation reserve R000
Balance at 31 December 2009	9	2	13 209	35 771
Share options exercised			8 693	
Share-based payments				1 529
Treasury shares sold			6 769	
Non-controlling interest acquired				
Non-controlling interest disposed				
Profit for the year				
Other comprehensive income				
Total comprehensive income				
Ordinary dividends paid				
Preference dividends paid				
Balance at 31 December 2010	9	2	28 671	37 300
Share options exercised			2 612	
Share-based payments				647
Share issue	3		1 999 997	
Share issue expenses			(18 810)	
Treasury shares sold			1 945	
Non-controlling interest acquired				
Profit for the year				
Other comprehensive income				
Total comprehensive income	–	–	–	–
Ordinary dividends paid				
Preference dividends paid				
Balance at 31 December 2011	**12**	**2**	**2 014 415**	**37 947**

Foreign currency translation reserve R000	Business combination reserve R000	Hedging reserve R000	Accumulated profit R000	Interest of owners of the parent R000	Non-controlling interests R000	Interest of all shareholders R000
275 646		(169 521)	5 582 864	5 737 980	98 146	5 836 126
				8 693		8 693
				1 529		1 529
				6 769		6 769
				–	10 000	10 000
				–	(1 494)	(1 494)
			838 846	838 846	6 229	845 075
(436 107)		16 815		(419 292)	1 086	(418 206)
(436 107)	–	16 815	838 846	419 554	7 315	426 869
			(259 070)	(259 070)	(113)	(259 183)
			(58 594)	(58 594)		(58 594)
(160 461)	–	(152 706)	6 104 046	5 856 861	113 854	5 970 715
				2 612		**2 612**
				647		**647**
				2 000 000		**2 000 000**
				(18 810)		**(18 810)**
				1 945		**1 945**
	(18 718)			**(18 718)**	(26 277)	**(44 995)**
			584 176	**584 176**	12 548	**596 724**
904 559		159 665		**1 064 224**	(2 585)	**1 061 639**
904 559	–	159 665	584 176	**1 648 400**	9 963	**1 658 363**
			(202 897)	**(202 897)**	(3 204)	**(206 101)**
			(53 271)	**(53 271)**		**(53 271)**
744 098	**(18 718)**	**6 959**	**6 432 054**	**9 216 769**	**94 336**	**9 311 105**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	31 December Audited 2011 R000	31 December Audited 2010 R000
Profit for the year	**596 724**	845 075
Other comprehensive income		
Exchange differences on translating foreign operations		
Exchange differences arising during the year	**901 974**	(417 966)
Realisation of foreign operations disposed of in the year	**–**	(16 856)
	901 974	(434 822)
Cash flow hedges		
Recycled through profit/loss during the year	**161 735**	(92 356)
Reclassification adjustments for amounts recognised in profit	**–**	108 912
Reclassification adjustments for amounts recognised in assets	**(2 070)**	60
	159 665	16 616
Total comprehensive income for the year	**1 658 363**	426 869
Total comprehensive income attributable to:		
Owners of the parent	**1 648 400**	419 554
Non-controlling interests	**9 963**	7 315
	1 658 363	426 869

CONDENSED STATEMENT OF CASH FLOWS

for the year ended 31 December 2011

	31 December Audited 2011 R000	31 December Audited 2010* R000
Operating profit before working capital changes	**1 069 342**	1 316 495
Working capital changes	**(1 264 377)**	(300 935)
Cash (utilised in)/generated from operations	**(195 035)**	1 015 560
Net interest paid	**(125 180)**	(50 996)
Net dividends paid	**(230 115)**	(299 608)
Taxation paid	**(63 004)**	(183 625)
	(613 334)	481 331
Net bank advances to customers and other short-term negotiables	**453 489**	8 257
Net cash flows (utilised in)/generated from operating activities before ships sales and purchases	**(159 845)**	489 588
Net proceeds on disposal of ships and locomotives	**–**	124 053
Capital expenditure on ships and locomotives	**(842 831)**	(1 134 740)
Net cash flows utilised in operating activities	**(1 002 676)**	(521 099)
Acquisition of property, terminals, vehicles and equipment and investments	**(320 494)**	(639 704)
Proceeds from disposal of property, terminals, vehicles and equipment and investments	**80 872**	67 082
Proceeds from repayment of share capital by joint venture	**262 235**	–
Intangible assets acquired	**(2 903)**	(10 471)
Disposal of investment in subsidiary	**–**	(2 650)
Loans advanced to joint venture and associate companies	**(13 249)**	(20 161)
Net cash flows generated from/(utilised in) investing activities	**6 461**	(605 904)
Net proceeds from issue of ordinary share capital	**1 983 803**	8 693
Proceeds from disposal of treasury shares	**1 945**	6 768
Non-controlling interest investment in subsidiary	**–**	10 000
Long-term interest-bearing debt raised	**1 548 382**	1 104 194
Payment of capital portion of long-term interest-bearing debt	**(708 718)**	(377 886)
Short-term interest-bearing debt issued	**(220 196)**	(439 509)
Short-term interest-bearing debt raised	**399 326**	306 135
Net cash flows from financing activities	**3 004 542**	618 395
Net increase/(decrease) in cash and cash equivalents	**2 008 327**	(508 608)
Cash and equivalents at beginning of the year	**903 846**	1 454 814
Difference arising on translation	**(11 123)**	(42 360)
Cash and cash equivalents at end of the year	**2 901 050**	903 846

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BUSINESS COMBINATIONS

for the year ended 31 December 2011

Acquisition of subsidiaries

During the year the group acquired the following additional interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired	Purchase consideration R000
Spinnaker Shipping and Logistics (Pty) Limited	Logistics	50	1 January 2011	458
Nelesco 681 (Pty) Limited	Investment	100	31 March 2011	855
Terminal De Carvo da Matola Limitada (Mozambique)	Terminals	5	31 December 2011	19 263
Empangeni Milling (Pty) Limited	Milling	80	1 October 2011	3 600

Reason for acquisitions

The primary reason for the business acquisitions was to acquire outstanding non-controlling interests in the Terminals division to consolidate Grindrod's position and to expand Grindrod's presence into new markets and geographical areas in the Trading businesses.

Impact of the acquisitions on the results of the group

From the dates of their acquisition, the acquired businesses contributed attributable profit of R5 451 000.

Net assets acquired and the goodwill/intangible assets arising, are as follows:

Net assets acquired	Acquirees' carrying amount before combination at fair value R000
Property, plant and equipment	22 838
Intangible assets	1 000
Working capital	(28 923)
Cash and bank	(2 164)
Non-controlling interests	26 277
Long-term liabilities	(14 976)
Business combination reserve	17 685
Deferred taxation	1 957
Total	23 694
Goodwill and intangible assets arising on acquisition	482
	24 176
Contingent purchase consideration	(2 683)
	21 493

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

Disposal of subsidiaries

During the year the group disposed the following interest:

Company disposed	Nature of business	Percentage disposed	Interest disposed	Disposal consideration R000
Grindrod Perishable Cargo Agents	**Cargo agents**	**100**	**30 June 2011**	**51 750**

Reason for disposal
The primary reason for the disposal was to rationalise operations in terms of the group's long term goals.

Net assets disposed	Fair value R000
Property, plant and equipment	**6 507**
Working capital	**4 843**
Cash and bank	**10 157**
Goodwill and intangible assets disposed	**1 717**
Deferred taxation	**5 796**
Total	**29 020**
Profit on disposal	**22 730**
	51 750

CONTINGENT ASSETS/LIABILITIES

The total contingent liabilities incurred by the group arising from interests in joint ventures is R nil (2010: R37 044 000).

The group engaged with legal counsel to institute a claim against a related party for breach of the shareholders' agreement. At reporting date, the impact of this claim was uncertain.

LEASES AND SHIPCHARTERS

	31 December Audited 2011 R000	31 December Audited 2010* R000
Operating leases and shipcharters		
Income	**659 412**	909 351
Expenditure	**7 027 202**	8 528 014
Finance lease liabilities	**56 817**	486 556

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PREPARER OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2011

These annual financial statements have been prepared under the supervision of A G Waller, BCom, CA (SA).

A G Waller
Group Financial Director

28 February 2012

COMMENTS

Overview

2011 was an important year for Grindrod. The group continued to advance in ports, terminals and rail infrastructure projects in Africa, in order to realise its strategy of becoming an integrated freight and logistics service provider, whilst retaining its position in shipping.

During the year shareholders approved the raising of R2 billion in equity, which is required to develop infrastructural opportunities and projects, in particular the expansion of coal terminal capacity.

The format of the specific share issue underwritten by the Remgro Group enabled Grindrod to raise funds at a premium to the market.

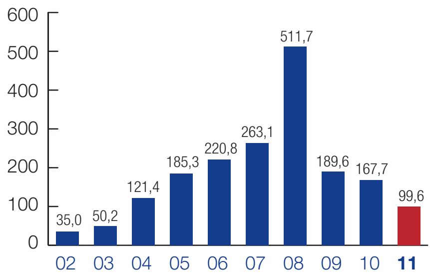
In order to reduce the group's exposure to a single project and increase its ability to execute its strategy, the Vitol Group, the world's largest independent energy trader, has been introduced as a strategic partner to Maputo Coal Terminal. Vitol has also entered into a coal trading venture with Grindrod. The transactions, which are subject to regulatory approvals, were concluded and announced in January 2012.

The group generated earnings of R530,9 million for the year ended 31 December 2011 (2010: R780,3 million), a 32% decline. Headline earnings per share decreased by 41% to 99,6 cents per share (2010: 167,7 cents per share). Earnings growth on the prior year was achieved in the Freight Services, Trading and Financial Services divisions, whilst the Shipping division was impacted by weak shipping markets.

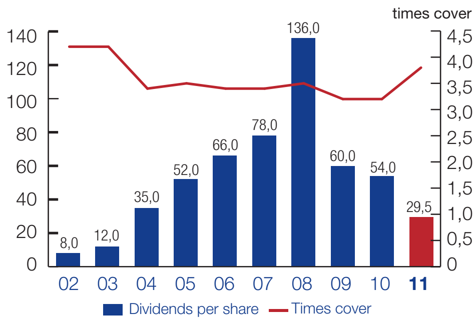
Total ordinary dividends of 29,5 cents per share (2010: 54,0 cents per share) was declared, at a dividend cover of 3,8 times.

Whilst the R2 billion raised strengthened the group's statement of financial position, this has resulted in a dilution of earnings and the final dividend.

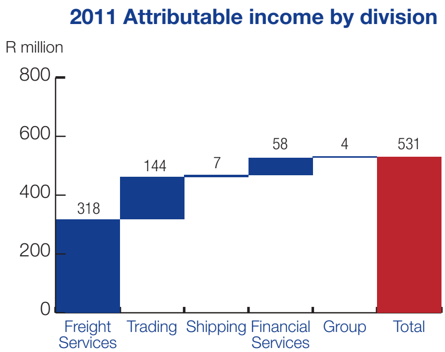
Headline earnings per share (cents)

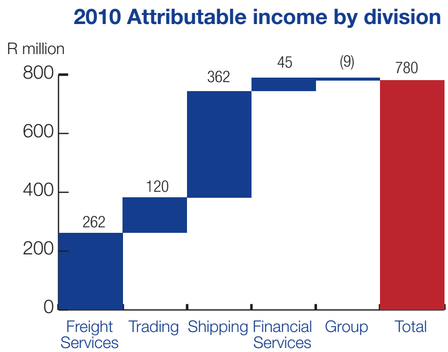


Dividends/distribution per share/cover (cents)



COMMENTS





Capital expenditure and commitments

Capital expenditure was directed towards the group's ship newbuilding programme, the expansion of terminal capacity and the replacement of a portion of the Logistics road fleet.

Future capital commitments relate to the expansion of terminal capacity and the procurement of locomotives and ships. The commitments exclude the planned expansion of terminal capacity by 20 million tonnes at Maputo and by about 8 million tonnes at Richards Bay, railway infrastructure and the development of a bulk liquid storage facility at Coega currently being developed.

Capital expenditure		Capital expenditure approved				Split as follows:	
(R million)	2011	2012	2013	2014	Total commit-ments	Approved not contracted	Approved and contracted
Freight Services	**287**	384	129	–	513	468	45
Logistics	**159**	12	–	–	12	–	12
Ports and Terminals	**128**	372	129	–	501	468	33
Trading	**11**	1	1	1	3	–	3
Shipping	**866**	251	42	–	293	4	289
Financial Services	**1**	23	2	3	28	–	28
Group	**1**	–	–	–	–	–	–
	1 166	659	174	4	837	472	365

The table above includes capital commitments of R365 million relating to Grindrod's share of joint ventures' capital commitments.

Cash flow and borrowings

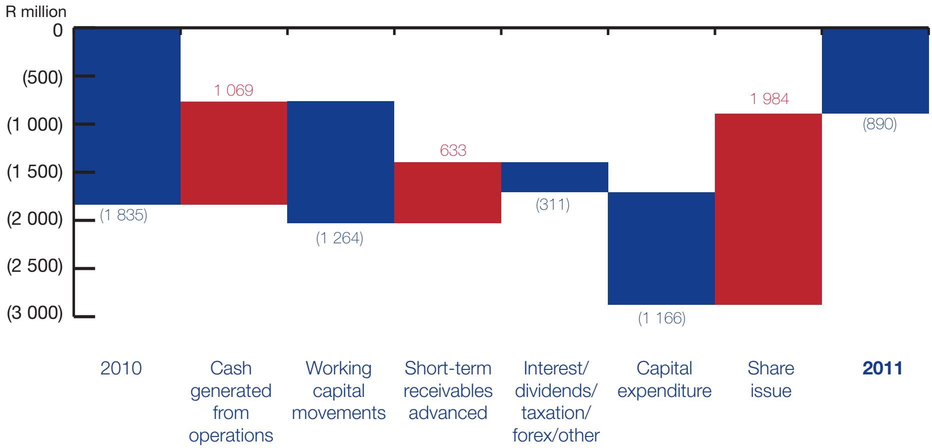
Operating profit before working capital adjustments was R1 069 million (2010: R1 316 million).

Cash outflows included investment in working capital of R1 264 million, capital expenditure of R1 166 million and dividends of R260 million. Increased working capital was required in December as a result of high oil prices and increased sales in the Trading division. Cash inflows included net R1 984 million received on the issue of shares. This resulted in the net debt position at 31 December 2010 of R1 835 million decreasing to R890 million at 31 December 2011 and the net debt:equity ratio decreasing from 31% to 10%.

The group incurred a net interest expense of R49 million for the year compared to a net interest expense of R51 million in the prior year.

The group is confident that it has adequate funding for all capital commitments through its cash resources and bank facilities.

Net debt analysis



Shareholders' equity

The R2 billion, together with a translation gain of R905 million and retained profits, increased shareholders' equity by 56% from R5 971 million at 31 December 2010 to R9 311 million at 31 December 2011.

On 31 October 2011, 133 333 334 ordinary shares were issued by way of a specific issue. The total number of ordinary shares in issue accordingly increased to 598 715 314.

A total of 9 179 348 ordinary shares continue to be held in treasury.

Divisional operating reviews

Freight Services

The Freight Services division contributed 60% of the group's attributable income for the 2011 year, with earnings of R318 million (21% growth on the prior year).

Revenue generated was R2,9 billion, a growth of 22% despite operational disruptions during the commissioning phase of the Maputo Coal Terminal.

Ports and Terminals

Improved rail delivery coupled with strong market demand for commodities resulted in increased volumes handled through all terminals during the second half of the year.

The Maputo port concession extension until 2043 provided a timeline for implementing the port master plan and for sub-concessionaires to undertake additional investment. The immediate expansion plan included dredging the port access channel to 11 metres in depth to accommodate panamax vessels. This was completed in the first quarter of 2011, increasing the port's competitiveness, particularly with respect to bulk and container traffic.

The expansion of Maputo Coal Terminal to 6 million tonnes was completed at the end of the first half of 2011, with record tonnages subsequently achieved. To date US$70 million has been invested in the refurbishment and expansion of the terminal. A further coal stockpile was added to the Richards Bay terminal bringing capacity up to 3,2 million tonnes.

Phase 4 of the Maputo Coal Terminal expansion project to create capacity for 20 million tonnes of coal and 10 million tonnes of magnetite is progressing as planned, with the pre-feasibility stage completed in the second half of 2011. The project involves land reclamation resulting in a footprint of 120 hectares, the construction of two additional berths, a stockyard and railway infrastructure. To support the successful completion of the project, Grindrod entered into a strategic agreement with the Vitol Group subsequent to year-end. In the interim the board has approved the expenditure to increase coal capacity at the terminal during 2012 by a further 1,3 million tonnes.

The Rail business conducted by RRL Grindrod performed in line with expectation. Rail operations successfully concluded significant manufacturing, lease and maintenance contracts in Sierra Leone and Mozambique. Concession and other growth opportunities are being explored, which would positively impact on performance over the next few years.

Logistics

Logistics achieved earnings growth on the prior year, benefiting from improved market conditions. The earnings of R106 million included a profit of R23 million from the disposal of the perishable cargo business.

The operations were impacted by both industrial action across most road transport businesses in the first quarter of 2011 and a reduction in car carrying volumes due to plant shutdowns following the tsunami in Japan. The businesses, however, experienced improved market demand particularly during the second half of 2011.

Volume increases in the mining and automotive sectors and rationalisation of the businesses, partially mitigated the poor performance during the first half of 2011. Further improvements are expected in 2012.

The intermodal operations performance improved on the prior year following an increase in mining volumes although margins remain tight. Intermodal continues to invest in the consolidation and expansion of its existing operations, with a new development in Maputo scheduled for 2012.

Ships Agencies results were impacted by low container freight rates and the strong Rand/US Dollar exchange rate for most of 2011, whilst the clearing and forwarding businesses benefited from increased airfreight and seafreight volumes.

Outlook

Port and terminal operations are well positioned to benefit from the demand for commodities, particularly through demand for coal from China and India.

Performance of the Logistics business segment is expected to improve during 2012 as benefits are extracted from the turnaround strategy combined with further expected improvement in volumes.

Trading

The Trading division contributed 27% of the group's attributable income and generated revenue of R29 billion, a growth of 28% for 2011. Volumes increased from 7,4 million tonnes to 7,5 million tonnes in 2011 whilst on average, Rand commodity prices increased by 26%.

Earnings were R144 million, a growth of 20% on the previous year and an operating margin of R20 per tonne was achieved.

Marine fuels performed well with growth in volumes, margins and profitability. This was achieved through its ability to source and finance product in a tight supply market further restricted by the availability of funding due to the high oil price and the banking sectors' willingness to lend.

Industrial raw materials produced pleasing results for 2011, mainly due to the strong performance of the chrome ore and coal trading operations. Generally, demand for commodity in this sector was strong resulting in volume growth of 95% on the previous year.

The agricultural commodities business maintained volumes in a highly competitive market. Profitability was, however, below expectations.

Management are currently negotiating the potential sale of a 50% interest in the marine fuels trading business. Consequently in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the investment in this business has been included in held for sale assets and liabilities.

Outlook

Demand for commodities driven by global economic growth, is expected to remain strong. Price volatility and regional supply/demand imbalances are anticipated.

The division will build on its current position through further developing its presence in sub-Saharan Africa. This will be combined with an increased focus on utilising group skills, services and assets to be in a position to offer integrated value adding solutions to customers. In addition, investment opportunities or joint ventures that support the trading capability of the division will be pursued.

The division anticipates achieving earnings growth for 2012.

Shipping
The Shipping division's earnings of R7 million remain positive despite a challenging year.

Revenue generated for the year was R3 597 million, a 10% decline on the prior year.

The division's drybulk business had a steady year with the handysize ships generating profits due to a high level of contract cover and low vessel costs. The panamax ships continued to generate profits under their fixed income charters whilst the capesize ships benefited from a high level of contract cover. Margins continued to be adversely affected by the ongoing piracy risks resulting in deviation costs to fulfil contractual commitments.

Volumes were steady in the Parcel Service business, however, margins were adversely affected by ongoing piracy issues particularly in the first half of the year. The Handymax and Indian Ocean Islands operating businesses developed further with an increase in both the number of cargoes carried and ships contracted.

The tanker business had a difficult year, with European sovereign debt worries and a sluggish American economy weighing heavily on oil demand allied to continuing fleet oversupply. The small products tanker earnings were also affected by ongoing high maintenance issues.

The South African coastal tanker and bunker tanker ship operating businesses performed well.

As in previous years, average daily earnings achieved were above average spot rates for the year through forward contract cover, operational efficiencies and good pool performances.

Over the year, deliveries into fleet consisted of two 32 500 dwt handysize bulk carriers, a 28 000 dwt handysize bulk carrier in a joint venture, a 61 000 dwt handymax bulk carrier (chartered), two 16 500 dwt products tankers and a 52 600 dwt products tanker in a joint venture (chartered). In addition, a purchase option on a 32 400 dwt handysize bulk carrier was exercised and the division took ownership of a 46 700 dwt products tanker previously held under a long-term finance arrangement.

The shipping fleet has grown from 35,0 in 2010 to 38,5 ships. Forward contracts on 45% (weighted by revenue) of vessels in 2012 will lock in US$20 million of operating profit with 13% (weighted by revenue) of vessels already under contract for 2013.

Contract cover information and a fleet overview, are included in the 2011 results presentation annexures on www.grindrod.co.za.

Outlook
Commodity demand is expected to remain strong, however, the outlook for the dry cargo market is weak due to the large amount of newbuilding tonnage delivering into a market already oversupplied with ships.

Scrapping of older drybulk tonnage continues at a historical record level and will, in time, alleviate a large part of the imbalance.

The owned and long-term chartered drybulk fleet has a good level of cover for 2012 and management is working on increasing this through a combination of forward cargo bookings and forward freight agreements.

Recovery in the product and chemical markets continues to be slow. Tanker earnings will continue to be impacted by a lack of profitable forward cover and poor spot market earnings. However, the outlook on the supply/demand imbalance is looking more positive.

The weak shipping markets and European banking sector constraints should present interesting value-led investment opportunities in both wet and drybulk sectors.

Financial Services

The Financial Services division accounted for 11% of the group's attributable income in 2011 with earnings growing by 30% to R58 million. The diversity of the Bank's earnings streams continues to improve with a good balance of fees generated by the Corporate Banking, Property Solutions, Asset Management and Corporate Finance divisions.

Credit advances and liquidity are conservatively managed resulting in no specific impairments for bad debts, a strong liquidity position and a well controlled capital adequacy ratio.

Outlook

The global financial crisis continues to cast a cloud over the banking and asset management sectors and this is unlikely to be resolved in the near future. Financial Services will continue to focus on its chosen areas of expertise and to take advantage of appropriate growth opportunities that present themselves during this period of economic volatility. Asset management portfolios and lending will be conservatively managed, however, there will be growth in business activity across all divisions.

Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 31 December 2011 and the AC 500 standards issued by the Accounting Practices Board or its successor. The results are presented in terms of IAS 34 Interim Financial Reporting and comply with the Listings Requirements of the JSE Limited and the Companies Act 71 of 2008.

These condensed consolidated annual financial statements were approved by the board of directors on 28 February 2012.

Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 December 2010 except for the adoption of new or revised accounting standards, interpretations and circulars which are described below.

New accounting standards

During the year the group elected to early adopt IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 (as revised in 2011) Separate Financial Statements, IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures and IFRS 12 Disclosure of Interests in Other Entities. The group believes that adoption of these standards will improve the disclosure of the nature and risks associated with interests in other entities. The major change as a result of the early adoption is that joint venture entities which were previously proportionately consolidated are now accounted for and disclosed on the same basis as investments in associates, which are equity accounted. These standards have been applied retrospectively.

The group adopted IAS 24 (revised) Related Party Transactions in the current year which modifies the definition of a related party. The adoption of this standard has had no material effect on the group's disclosures.

Audit opinion
The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 31 December 2011.

The audit was conducted in accordance with International Standards of Auditing. They have issued an unmodified audit opinion. These condensed consolidated annual financial statements have been derived from the group financial statements and are consistent in all material respects with the group financial statements. A copy of their audit report is available for inspection at the company's registered office.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditors.

Directorate/executive
J G Jones and L R Stuart-Hill retired from the board on 30 June 2011. B J McIlmurray, a member of the executive committee, also retired on 30 June 2011.

The board of directors wish to express appreciation for their respective contributions to the group.

H J Gray was appointed to the executive committee on 1 June 2011 and is responsible for the Logistics operations.

M H Visser and J J Durand (alternate) were appointed to the board with effect from 31 October 2011 and M R Wade on 16 November 2011.

Post balance sheet events
Grindrod and the Vitol group entered into an agreement with effect from 1 January 2012 whereby Vitol is to acquire from Grindrod a 35% interest in Maputo Coal Terminal for a consideration of US$67,7 million. In addition, Vitol and Grindrod will enter into a partnership to combine their respective sub-Saharan coal trading businesses (65% Vitol/35% Grindrod). This transaction was announced in the press on 18 January 2012.

Prospects
The group anticipates an increase in earnings in 2012 despite uncertainty in the shipping markets. The investment in strategic infrastructure, from a strong financial base, supports the goal of sustainable longer-term growth for shareholders.

For and on behalf of the board

I A J Clark
Chairman

A K Olivier
Chief Executive Officer

DECLARATION OF FINAL DIVIDEND

Preference dividend
Notice is hereby given that a final dividend of 363 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (2010: 386 cents) has been declared, payable to preference shareholders in accordance with the timetable below.

Ordinary dividend
Notice is hereby given that a final dividend of 12 cents per ordinary share (2010: 27 cents) has been declared, payable to ordinary shareholders in accordance with the timetable below.

Timetable

Last day to trade cum-dividend	Friday, 23 March 2012
Shares commence trading ex-dividend	Monday, 26 March 2012
Record date	Friday, 30 March 2012
Dividend payment date	Monday, 2 April 2012

No dematerialisation or rematerialisation of shares will be allowed for the period from Monday, 26 March 2012 to Friday, 30 March 2012, both days inclusive.

The dividends are declared in the currency of the Republic of South Africa.

By order of the board

C A S Robertson
Secretary

28 February 2012

CORPORATE INFORMATION

Directors
I A J Clark* *(Chairman)*, A K Olivier *(Group CEO)*, H Adams*, M R Faku*, W D Geach*, I M Groves*, M J Hankinson*, D A Polkinghorne, D A Rennie, A F Stewart, M H Visser*, M R Wade, A G Waller, S D M Zungu*, J J Durand* (alternate) **Non-executive*

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Incorporated in the Republic of South Africa

Share code: GND & GNDP

ISIN: ZAE000072328 & ZAE000071106

For more information, please refer to our website at www.grindrod.co.za

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