Audited results and dividend announcement

for the year ended 31 December 2008

GRINDROD LIMITED

Earnings up 81%

Headline earnings per share up 95%

Ordinary dividends for the year up 74%

Strong balance sheet, cash flows and contracted earnings

Condensed Income Statement

	Change %	Audited 31 December 2008 R000	Audited 31 December 2007* R000
Revenue	88	**33 736 910**	17 946 727
Trading profit	91	**3 026 017**	1 583 707
Depreciation and amortisation		**(240 942)**	(217 920)
Operating profit before interest and taxation	104	**2 785 075**	1 365 787
Non-trading items		**(163 567)**	3 508
Interest received		**138 711**	109 324
Interest paid		**(314 071)**	(239 849)
Profit before share of associate profit		**2 446 148**	1 238 770
Share of associate companies' profit before taxation		**66 076**	62 953
Profit before taxation		**2 512 224**	1 301 723
Taxation		**(243 030)**	(15 803)
Profit for the year		**2 269 194**	1 285 920
Attributable to			
Ordinary shareholders	81	**2 157 890**	1 195 293
Preference shareholders		**90 892**	76 872
Grindrod Limited shareholders		**2 248 782**	1 272 165
Minority interest		**20 412**	13 755
		2 269 194	1 285 920
Exchange rates (R/US$)			
Opening exchange rate		**6,89**	7,00
Closing exchange rate		**9,45**	6,89
Average exchange rate		**8,27**	7,07
RECONCILIATION OF HEADLINE EARNINGS			
Profit attributable to ordinary shareholders		**2 157 890**	1 195 293
Adjusted for:		**163 567**	(3 516)
IAS 38 Impairment of Goodwill		**12 987**	2 716
IAS 38 Impairment of Intangible Asset in Respect of Charters		**62 660**	2 843
IFRS 3 Negative Goodwill Realised		**(216)**	(7 026)
IAS 16 Impairment of Ships, Plant and Equipment		**93 772**	3 420
IFRS 3 Net (Profit)/Loss on Disposal of Investments		**(43 179)**	2 058
IAS 16 Net Loss/(Profit) on Sale of Plant and Equipment		**1 386**	(7 519)
IAS 21 FCTR Adjustment		**35 912**	–
Total tax effects of adjustments		**245**	(8)
Headline earnings		**2 321 457**	1 191 777

	Change %	**Audited 31 December 2008**	Audited 31 December 2007*
ORDINARY SHARE PERFORMANCE			
Number of shares in issue less treasury shares (000's)		**450 252**	455 459
Weighted average number of shares on which earnings per share are based (000's)		**453 640**	452 934
Diluted weighted average number of shares on which diluted earnings per share are based (000's)		**459 930**	462 417
Earnings per share (cents)			
Basic	80	**475,7**	263,9
Diluted	82	**469,2**	258,5
Headline earnings per share (cents)			
Basic	95	**511,7**	263,1
Diluted	96	**504,7**	257,7
Dividends/distribution per share (cents)	74	**136,0**	78,0
Interim		**68,0**	34,0
Final		**68,0**	44,0
Dividend/distribution cover (times)		**3,5**	3,4

* Restated due to the application of the revised International Accounting Standards 7 and 16.

CONDENSED BALANCE SHEET

	Audited 31 December 2008 R000	Audited 31 December 2007* R000
Ships, property, terminals, vehicles and equipment	**4 540 514**	3 046 945
Intangible assets	**713 046**	521 063
Investments in associates	**316 746**	236 420
Deferred taxation	**159 352**	138 069
Derivative financial assets and other investments	**191 238**	162 250
Loans and advances to bank customers	**1 049 761**	965 964
Liquid assets and short-term negotiable securities	**138 553**	228 938
Bank balances and cash	**2 403 087**	1 254 611
Non-current assets held for sale	**2 245**	141 608
Other current assets	**4 469 033**	3 232 192
Total assets	**13 983 575**	9 928 060
Shareholders' equity	**6 712 696**	3 378 332
Minority interest	**62 316**	60 643
Total equity	**6 775 012**	3 438 975
Deferred taxation	**18 527**	33 224
Provision for post retirement medical aid	**77 900**	72 819
Income received in advance	**151 200**	–
Deposits from bank customers	**1 507 046**	1 397 073
Interest-bearing debt	**1 963 564**	2 306 187
	10 493 249	7 248 278
Non-current liabilities associated with assets held for sale	**–**	90 573
Other liabilities	**3 490 326**	2 589 209
Total funding	**13 983 575**	9 928 060
Net worth per ordinary share – at book value (cents)	**1 336**	590
Net debt:equity ratio	**(0,05):1**	0,29:1
Capital expenditure	**2 158 501**	1 822 793
Capital commitments		
Authorised by directors and contracted for	**3 245 998**	2 283 959
Due within one year	**1 647 309**	1 081 564
Due thereafter	**1 598 689**	1 202 395
Authorised by directors not yet contracted for	**277 000**	715 178

	Audited 31 December 2008 R000	Audited 31 December 2007* R000
DIVISIONAL ANALYSIS		
Revenue		
Shipping	**7 069 205**	4 373 572
Trading	**24 022 393**	11 334 072
Freight Services	**2 551 792**	2 164 255
Financial Services	**93 520**	74 828
	33 736 910	17 946 727
Trading profit (earnings before interest, taxation, depreciation and amortisation)		
Shipping	**2 366 873**	1 135 143
Trading	**230 177**	119 223
Freight Services	**382 557**	290 544
Financial Services	**46 410**	38 797
	3 026 017	1 583 707
Operating profit before interest and taxation		
Shipping	**2 272 002**	1 034 429
Trading	**221 920**	112 332
Freight Services	**246 547**	181 471
Financial Services	**44 606**	37 555
	2 785 075	1 365 787
Attributable income		
Shipping	**1 794 758**	982 488
Trading	**128 672**	63 277
Freight Services	**198 133**	113 306
Financial Services	**36 327**	36 222
	2 157 890	1 195 293

* Restated due to the application of the revised International Accounting Standards 7 and 16.

Condensed Cash Flow Statement

	Audited 31 December 2008 R000	Audited 31 December 2007* R000
Cash generated from operations	**4 312 221**	1 909 710
Net interest paid	**(175 360)**	(130 525)
Net dividends paid	**(604 394)**	(330 707)
Taxation paid	**(176 571)**	(46 721)
	3 355 896	1 401 757
Net bank advances to customers and other short-term negotiables	**116 561**	171 301
Net cash flows from operating activities	**3 472 457**	1 573 058
Acquisition of ships, property, terminals, vehicles and equipment and investments	**(2 158 501)**	(1 822 794)
Proceeds from disposal of property, terminals, vehicles and equipment and investments	**340 624**	72 635
Intangible assets acquired	**(916)**	(5 491)
Loans advanced to associate companies	**(15 415)**	–
Net cash flows used in investing activities	**(1 834 208)**	(1 755 650)
Repurchase of ordinary share capital	**(212 936)**	–
Proceeds from issue of ordinary share capital	**3 044**	6 509
Long-term borrowings raised	**643 072**	484 111
Payment of capital portion of long-term borrowings	**(637 433)**	(411 519)
Short-term loans (repaid)/raised	**(436 589)**	92 563
Net cash flows (used in)/from financing activities	**(640 842)**	171 664
Net increase/(decrease) in cash and cash equivalents	**997 407**	(10 928)
Cash and cash equivalents at beginning of the year	**711 739**	732 055
Difference arising on translation	**265 960**	(9 388)
Cash and cash equivalents at end of the year	**1 975 106**	711 739

* Restated due to the application of the revised International Accounting Standards 7 and 16.

Condensed Changes in Accounting Policies and Disclosures

	Audited 31 December 2007 R000	IAS 16 R000	Audited 31 December 2007* R000
EXTRACTS FROM CONDENSED INCOME STATEMENT			
Revenue	17 077 359	869 368	17 946 727
EXTRACTS FROM CONDENSED BALANCE SHEET			
Non-current assets held for sale	293 547	(151 939)	141 608
Other current assets	3 080 253	151 939	3 232 192
EXTRACTS FROM CONDENSED CASH FLOW STATEMENT			
Cash generated from operations	931 220	641 838	1 573 058
Proceeds from disposal of property, terminals, vehicles and equipment and investments	714 473	(641 838)	72 635

* Restated due to the application of the revised International Accounting Standards 7 and 16.

STATEMENT OF CHANGES IN EQUITY

	Share capital, premium and equity compensation R000	Hedging reserve R000	Foreign currency translation reserve R000
Balance as at 31 December 2006	514 994	(72 920)	53 080
Share options exercised	6 509		
Share-based payments	3 360		
Financial instrument hedge		(610 733)	
Hedge reserve releases		318 066	
Foreign currency translation adjustments			(23 219)
Foreign currency translation realised			(9 085)
Transfer from accumulated profit			
Minority interest acquired			
Profit attributable to shareholders			
Distribution of share premium	(325 923)		
Dividends paid			
Balance as at 31 December 2007	198 940	(365 587)	20 776
Share options exercised	3 045		
Share-based payments	2 865		
Financial instrument hedge		572 704	
Deferred tax on gains/losses recognised directly in equity		(2 328)	1 389
Repurchase of shares	(192 106)		
Foreign currency translation adjustments	84	(50 934)	1 371 102
Transfer to accumulated profit			
Minority interest acquired			
Minority interest disposed			
Profit attributable to shareholders			
Dividends paid			
Balance as at 31 December 2008	**12 828**	**153 855**	**1 393 267**

General risk reserve R000	Accumulated profit R000	Attributable to equity holders of Grindrod R000	Minority interest R000	Total equity R000
100	2 329 289	2 824 543	(1 755)	2 822 788
		6 509		6 509
		3 360		3 360
		(610 733)		(610 733)
		318 066		318 066
		(23 219)	18	(23 201)
		(9 085)		(9 085)
5 425	(5 425)	–		–
		–	48 625	48 625
	1 272 165	1 272 165	13 755	1 285 920
		(325 923)		(325 923)
	(77 351)	(77 351)		(77 351)
5 525	3 518 678	3 378 332	60 643	3 438 975
		3 045		**3 045**
		2 865		**2 865**
		572 704		**572 704**
		(939)		**(939)**
	(20 833)	(212 939)		**(212 939)**
		1 320 252	639	**1 320 891**
(5 525)	5 525	–		**–**
		–	(320)	**(320)**
		–	533	**533**
	2 248 782	2 248 782	20 412	**2 269 194**
	(599 406)	(599 406)	(19 591)	**(618 997)**
–	**5 152 746**	**6 712 696**	**62 316**	**6 775 012**

Comments

OVERVIEW

Grindrod Limited generated earnings of R2,157 billion for the year ended 31 December 2008 (2007: R1,195 billion), up 81% on the prior year, while headline earnings per share increased by 95% to 512 cents per share (2007: 263 cents). The difference between earnings and headline earnings is largely attributable to impairment of ship values. Ordinary dividends per share for the year have increased by 74% with a final dividend of 68 cents per ordinary share (2007: 44 cents). The board also declared a preference share dividend of 623 cents per share (2007: 550 cents). Return on ordinary shareholders' funds was 50,2% (2007: 50,8%).

Divisional earnings	2008	2007	Comments
Shipping (US$ millions)			
Profit from owned and long-term chartered ships	**226**	160	Increased shipping rates
Profit/(loss) from ship operating activities	**39**	(14)	Expansion of operations and improved performance
Profit from ship sales	**62**	27	
Overheads/impairments/provisions	**(105)**	(35)	Increased onerous contract provisions/impairments
	222	138	
Total Group (R millions)			
Shipping (US$ profit converted to Rands)	**1 794**	982	
Trading	**129**	63	Increased shareholding/improved profitability
Freight Services	**198**	114	Improved volumes/growth in activities
Financial Services	**36**	36	Shareholding reduced to 81,1% in June 2007
Earnings attributable to ordinary shareholders	**2 157**	1 195	

The tanker market remained largely stable in the past year, however, both record highs and all time lows were experienced in drybulk shipping markets. The effects of the credit crisis impacted on the global economy, resulting in significant reduction in shipping activity. In spite of this, Shipping continued to be the major profit contributor at 83% of total earnings. This was mainly due to the high level of contract cover, increased tanker and drybulk earnings, profits earned on ship sales and the benefit from a weaker Rand/US Dollar exchange rate.

These results include a substantial charge in respect of ship impairments, onerous contracts, once off taxation as a result of a restructure within the Shipping division and increased STC charges.

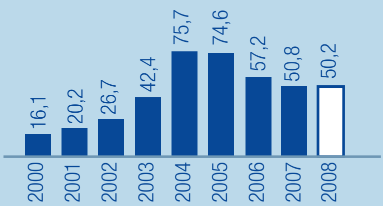
Trading had an excellent second half, which resulted in earnings growth of 105% for the year. Freight Services experienced strong growth in earnings of 74%, particularly from Terminal and Intermodal activities. Financial Services results were impacted by the reduced shareholding as a result of the empowerment transaction, declining equity markets and the slowdown in local economic activity but nonetheless achieved the same earnings as the previous year.

SHAREHOLDERS' EQUITY

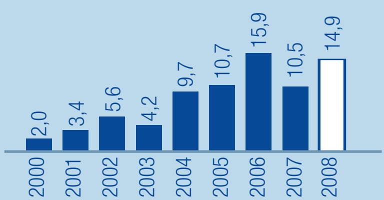
Shareholders' equity increased from R3 378 million at 31 December 2007 to R6 713 million due to the strong earnings, the effect of the weaker Rand/US Dollar exchange rate and the revaluation of hedging instruments as required in terms of IAS 39.

During the year, the group repurchased 8 776 542 ordinary shares at an average price of R23,41 and a total of 100 000 preference shares at an average price of R95,34. The treasury shares are held by a subsidiary.

Return on ordinary shareholders' funds (%)



Interest cover (times)



CASH FLOW AND BORROWINGS

Cash generated from operations was R4 312 million, a growth of 126% over the 2007 year. Cash outflow included capital expenditure of R2 158 million and dividends paid of R607 million during the year. This resulted in net borrowings decreasing from R981 million at 31 December 2007 to a net cash position of R325 million at 31 December 2008. The higher Rand interest rates increased the net interest charge by 34% to R175 million. There was very little benefit from interest earned on US Dollar cash resources but the group's balance sheet benefited through the weaker Rand/US Dollar exchange rate. The group's debt:equity ratio improved from 29% to a surplus net cash position of 5%.

The strong balance sheet, favourable liquidity position, high level of contract cover and low cost fleet provides a platform for the group to conclude investment opportunities at the appropriate time.

CAPITAL EXPENDITURE AND COMMITMENTS

Description	Capital expenditure	Capital commitments			
R million	**2008**	2009	2010	Thereafter	Total commitments
Ships	**1 309**	1 377	914	572	2 863
Property	**3**	–	–	–	–
Terminals	**236**	182	113	–	295
Vehicles and equipment	**276**	69	–	–	69
	1 824	1 628	1 027	572	3 227
Investment in new businesses	**334**	19	–	–	19
Total – authorised and contracted	**2 158**	1 647	1 027	572	3 246

These commitments will be funded by cash resources, cash generated from operations and committed bank financing facilities.

SHIPPING

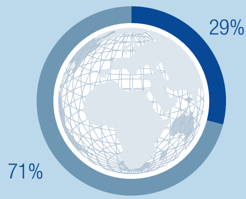
The Shipping division had an exceptionally strong performance in 2008 with attributable income up 83% on 2007. Earnings from tankers increased due to revenue contracted at favourable rates and an increased fleet. Drybulk earnings more than doubled mainly as a result of significantly higher earnings on the chartered-in handysize bulk carriers open to the spot market. The division also benefited from profits on ships sold.

All shipping operations, including the Parcel Service, tanker operating and the new bunker tankers and handymax businesses performed well.

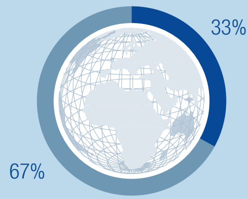
Income statement	**2008 Rm**	2007 Rm	Growth %	Comments
Revenue	**7 069**	4 374	62	Higher spot rates/contract cover
EBITDA	**2 367**	1 135	109	
– tankers	**690**	372	85	Increased fleet/ship sales
– drybulk	**1 677**	763	120	Higher spot rates
Operating income	**2 272**	1 035	120	Higher revenue/cost base similar to 2007
Attributable income	**1 794**	982	83	
Margin (%)	**32**	24	33	Higher spot rates

Comments continued

EBITDA contributions 2008



EBITDA contributions 2007



The drybulk shipping market experienced the sharpest drop in history during the fourth quarter of 2008. This significant drop in both earnings levels and asset values was triggered by the credit crisis which resulted in the lack of credit to support international trade. Markets have been further impacted by a slowdown in major economies.

Profit on sale of ships was up from R193 million (US$27 million) in 2007 to R502 million (US$62 million) in 2008. Impairment of some drybulk ship values and provisions against onerous charter contracts amounted to R341 million (US$42 million) as a result of the change in the market outlook. This results in total impairments and provisions in the balance sheet at year end amounting to R435 million (US$46 million). Five ships were sold to take advantage of the high ship values at the time.

An analysis of the profit by ship category is as follows:

	Bulk carriers			Tankers			**2008**	2007
	Handysize	Panamax	Capesize	Mid-range	Small	Chemical	**Total**	Total
Average number of owned/ long-term chartered ships	18,2	2,0	4,2	7,2	1,1	4,0	**36,7**	38,0
Average daily revenue (US$)	31 600	20 600	47 700	20 800	6 000	19 000	**28 600**	23 000
Average daily cost (US$)	9 100	9 400	20 300	13 700	3 600	14 350	**11 700**	11 400
Profit (US$ millions)	149,4	8,3	42,1	18,8	0,9	6,8	**226**	160
(US$ millions)								
Profit from owned and chartered ships							**226**	160
Profit/(loss) from ship operating activities							**39**	(14)
Profit from ship sales							**62**	27
Overheads/profit share expense (includes exceptional item of US$12 million)							**(35)**	(26)
Impairments/onerous contract provisions							**(42)**	–
Forex/funding costs/taxation (includes exceptional item of US$8 million)							**(28)**	(9)
Attributable earnings							**222**	138
Converted to Rands (millions)							**1 794**	982

The following transactions were concluded during the year:

Ships delivered	Ships ordered	Ships sold/redelivered	Contracted sales
1 x 40 000 dwt products tanker	2 x 32 000 dwt handysize bulk carriers	2 x 12 800 dwt products tankers (sold on delivery)	1 x 6 155 dwt products tanker
1 x 16 500 dwt products tanker (50% owned)	1 x 52 378 dwt supramax bulk carrier (2-year charter)	1 x 28 424 dwt handysize bulk carrier (chartered ship sold)	1 x 40 000 dwt products tanker
2 x 12 800 dwt products tankers (sold on delivery)		2 x 34 700 dwt handysize bulk carriers (sold)	1 x 40 000 dwt products tanker (50% owned)
1 x 32 260 dwt handysize bulk carrier (long-term charter – 50%)		2 x 170 000 dwt capesize bulk carriers (chartered ships redelivered)	
1 x 29 600 dwt handysize bulk carrier (long-term charter)			

During the year an option to purchase a chartered handysize bulk carrier was exercised.

FLEET OVERVIEW (owned and long-term chartered ships)

Contracted in at 31.12.2008		Bulk carriers			Tankers			
		Handysize	Panamax	Capesize	Mid-range	Small	Chemical	Total
2009	Number (average)	19,0	2,0	3,0	8,3	3,9	4,0	40,2
	Cost (US$/day)	9 200	9 400	19 900	14 100	8 100	14 700	11 400
2010	Number (average)	17,1	2,0	3,0	8,4	6,5	4,0	41,0
	Cost (US$/day)	9 300	9 400	20 100	14 800	9 900	14 700	11 800
2011	Number (average)	15,6	2,0	3,5	6,2	9,3	4,4	41,0
	Cost (US$/day)	8 800	9 400	26 000	14 000	10 200	15 100	12 100
2012	Number (average)	13,0	2,0	3,0	6,0	9,5	5,0	38,5
	Cost (US$/day)	9 100	9 900	27 700	14 200	10 300	14 600	12 400
Current fleet		19	2	4	7,5	1,5	4	*38
Net number of ships to deliver								
2009		(1,5)	–	(1)	2	3	–	2,5
2010		–	–	–	(1,5)	4	–	2,5
2011		(3)	–	–	(2)	1	1	(3)
2012		(2,5)	–	–	–	–	–	(2,5)
Fleet at end of 2012		12	2	3	6	9,5	5	**37,5

* Owned fleet 8,5; chartered fleet 29,5

** Owned fleet 22,5; chartered fleet 15

In addition to the above, the group has the option to extend the charters or purchase 13,5 chartered ships. This would increase the fleet to 51 ships at the end of 2012.

Daily vessel costs have been reduced by the effect of onerous contract provisions and impairments.

Comments continued

Market value adjustments to fleet book value	Rm	Comments
Excess of market value over "book value" of owned fleet and charters with purchase options	**1 410**	Indicative ship values obtained in consultation with reputable ship brokers "Book value" of charters = PV @ 6,5% of capital element (i.e. excluding running costs) of charter commitments and purchase option price. Yen options valued at closing rate
Market value of other long-term charters and contracts	**422**	Differential between market rates and Grindrod charter/contract rates. PV @ 6,5%
	1 832	

Note: Based on closing Rand/US Dollar exchange rate of R9,45.

Assumptions used in respect of the group's fleet in the market value adjustment calculation above are as follows:

		Average ship market value (US$m)	Average market long-term charter rates (US$ per day)
Bulkers	– Handysize	21,0	10 000
	– Panamax	32,7	15 000
	– Capesize	51,0	25 000
Tankers	– Mid-range	30,4	17 500
	– Small	19,5	13 500
	– Chemical	18,1	n/a

Disclaimer: The market value of the fleet is based on valuations obtained from ship brokers and published market information on ship charter rates. These values and rates are subject to risks and uncertainties, as various factors beyond the control of the group may cause values to fluctuate materially subsequent to date of this announcement.

CONTRACTED PROFITS

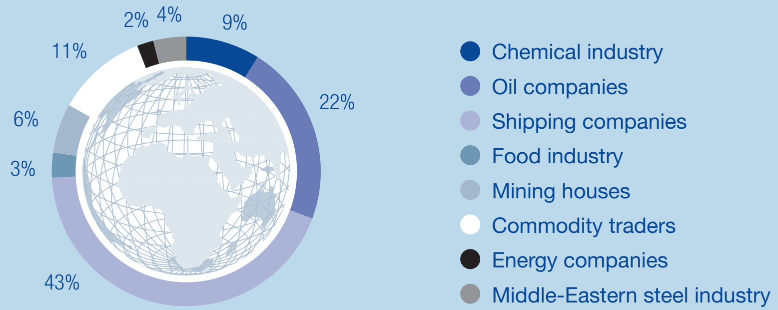
Contracted out at 31.12.2008		Bulk carriers			Tankers			
		Handysize	Panamax	Capesize	Mid-range	Small	Chemical	Total
2009	Number (average)	9,1	2,0	2,5	6,3	0,9	2,0	22,8
	Revenue (US$/day)	18 000	20 800	29 800	20 000	9 700	17 200	19 700
2010	Number (average)	3,0	2,0	2,1	5,2	0,5	1,5	14,3
	Revenue (US$/day)	16 500	23 400	44 600	20 400	13 300	17 200	23 000
2011	Number (average)	0,5	2,0	2,2	2,0	0,5	–	7,2
	Revenue (US$/day)	20 000	23 900	43 600	21 700	13 300	–	28 300
2012	Number (average)	0,5	2,0	2,2	–	–	–	4,7
	Revenue (US$/day)	20 000	23 900	44 350	–	–	–	33 000

Contract profits	% of fleet fixed	Charters (US$m)	Ship sales (US$m)	Total (US$m)
2009	62	68,9	13,9	82,8
2010	41	51,2	–	51,2
2011	22	33,0	–	33,0
2012	17	25,0	–	25,0
In addition, ± 9% of fleet is fixed in 2013/2014				

Note: Variable volume contracts have been included at forecast volumes.

As part of the group's rigorous risk management process, the group continues to maintain a high level of contract cover over its fleet through contracts of affreightment, time charters and freight forward agreements. The group has always been diligent in assessing the creditworthiness of counterparties and will continue to monitor this exposure carefully in the current market.

The group's contract counterparties are summarised below:



In addition to the long-term fixed contracts, the group's ship operating activities, including the Parcel Service have forward contracted to move commodities during the current year. Earnings in 2009 will, however, be impacted by lower volumes.

COMMENTS CONTINUED

DRYBULK MARKET

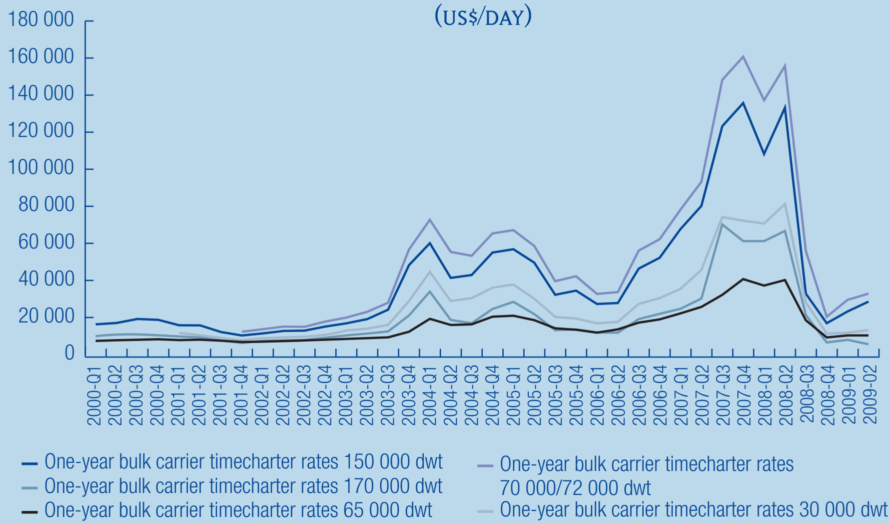
The drybulk shipping market experienced a major deterioration in the fourth quarter of 2008 with volumes, earnings and asset values declining sharply. Earning levels and volumes have, however, recovered significantly albeit off a low base in February 2009, following the Chinese New Year. This recovery is seen as a partial return to normal markets as banks issue letters of credit to support trade and stockpiles are run down.

Asset values have also seen sharp declines (see graph below) with only a few transacted sales over the past months. The lack of liquidity is largely attributable to the lack of ship finance due to the international credit crisis.

The outlook for the drybulk market depends on the world returning to economic growth, which is unlikely in the West in the medium term. The bulk markets, however, are materially influenced by growth in the East, where China and India are still predicting between 5% – 8% growth. This bodes well for drybulk shipping. Linked to this low demand scenario is a large order book particularly in the larger capesize vessels, a number of which deliver during 2009 and 2010. This will further impact the overall drybulk earnings and asset levels. The level of scrapping and the cancellation of newbuilding orders will increase due to the lack of shipping finance and low earnings not supporting the retention of old vessels or the acquisition of vessels on order. This will contribute to more balanced market fundamentals over the medium term.

The handysize bulk sector remains the most fundamentally sound sector within the drybulk market. This fleet is expected to reduce by approximately 10% per annum over the next two years, with scrappings exceeding new deliveries. This is positive for the group as it has most of its exposure to this sector.

BULK CARRIER ONE-YEAR TIME CHARTER RATES (US$/DAY)



Tanker market

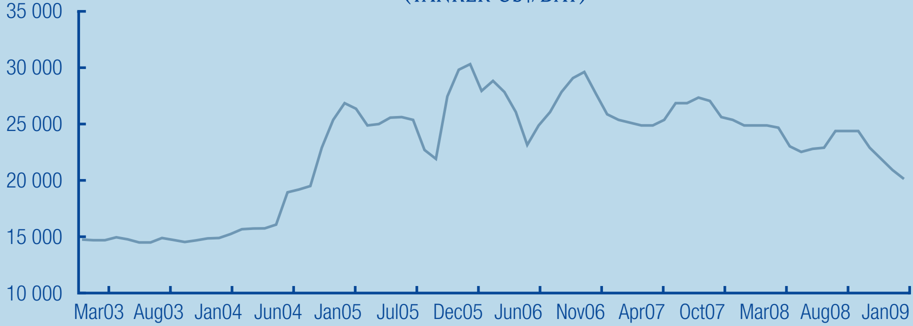
The tanker market, which is driven primarily by oil demand was quite resilient during the last quarter of 2008. This is traditionally a strong quarter for oil demand with increased levels of energy required by the Northern Hemisphere economies. The tanker market, however, began to be negatively affected in the first quarter of 2009 with earnings and asset levels falling. This decline in earnings and asset values in the tanker market has not been anywhere near as dramatic as the reduction in the drybulk market.

The low level of projected growth in demand in the developed markets, (the major users of petroleum products) over 2009 and 2010, could suppress worldwide demand growth. Accordingly, demand growth for petroleum products over the next two years is expected to be flat. In addition, there are a number of newbuilding deliveries anticipated over this period.

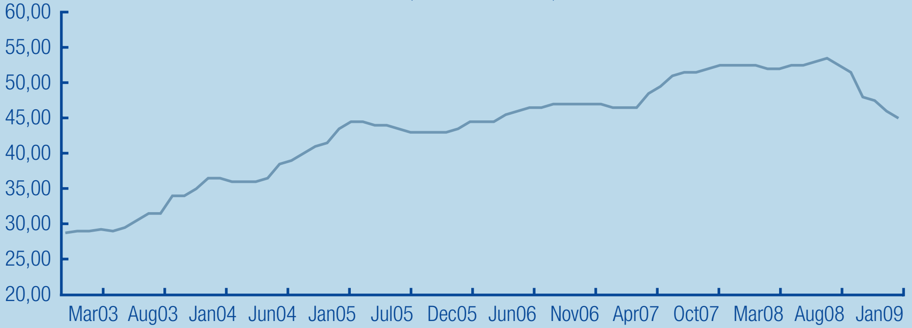
The scrapping of single-hulled vessels by the mandatory scrapping date of 2010 will to some extent support the market. Product tanker earnings should, however, be supported from the newly developed refineries in the supply areas which require transportation of their products over longer distances to the demand areas (developed economies).

The overall product tanker market is predicted to be slightly softer over the next two years. Once the order book has delivered and single-hulled vessels scrapped, the market is likely to return to the higher levels of 2007 and 2008.

One-year time charter rates 45 000 – 47 000 modern products (tanker US$/day)



47 000 – 51 000 dwt products tanker newbuilding prices (US$ millions)



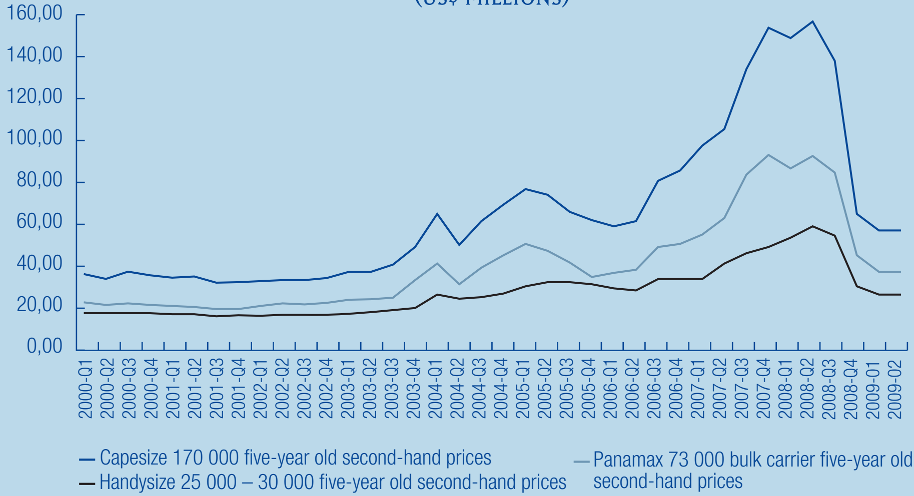
Source: Clarkson Research Services Limited

Comments continued

Ship values

As indicated in the tanker and drybulk commentary above, ship values have declined sharply since the end of the third quarter of 2008. The ship values are not expected to recover to the levels seen in 2008, which were regarded as extraordinarily high due to the high demand for drybulk vessels and shipyard space. Asset values will be softer over the next two years as the market digests the deliveries of 2009 and 2010. Scrapping over this period will, however, increase which will bring some form of equilibrium to the market. Asset values are expected to recover in 2011.

Bulk carrier second-hand prices (five years) (US$ millions)



Disclaimer: The information supplied in the Shipping division graphs is believed to be correct but the accuracy thereof is not guaranteed and the company and its employees cannot accept liability for loss suffered in consequence of reliance on the information provided. Provision of this data does not obviate the need to make further appropriate enquiries and inspections. The information is for the use of the recipient only and is not to be used in any document for the purposes of raising finance without the written permission of Clarkson Research Services Limited.

Strategy

The Shipping division has a solid contract base with a young and very low cost fleet. This position will allow the division to generate reasonable shipping returns over what is seen to be a challenging period as the world economy and credit markets recover. Ship contracts are with reliable counterparties and the group will continue to add to this contract base at appropriate levels in the market. The group's newbuilding orders are at reasonable prices apart from two vessels which have been written down in 2008. The division's cash and access to shipping finance is more than adequate to meet all commitments and provide for opportunities to expand the fleet should the opportunity arise. However, a cautious approach to expansion will be adopted over the coming period due to the predicted softer market conditions.

TRADING

After performing below expectation during the first half of the year due to the effect of strikes and voyage delays, Trading had a strong second half with solid revenue and operating margin growth. As a result, earnings increased by 105% over the previous year with all three Trading businesses performing well.

Grindrod increased its shareholding to 100% in both Cockett Marine and Oreport Holdings in 2008. These acquisitions now provide a sound base to leverage the skills and relationships within the division and to generate sustainable returns.

Income statement

	2008 Rm	2007 Rm	Growth %	Comments
Revenue	**24 022**	11 334	112	Cockett and Oreport consolidated for nine and six months respectively. (The acquisitions generated additional revenue of R6 574 million). Higher commodity prices during the year, but softening in the fourth quarter
EBITDA	**230**	119	93	
Operating income	**221**	112	97	
Attributable income	**129**	63	105	Improved US$/tonne margin
Margin (%)	**0,9**	1,0	–	

Operating income in all three businesses improved through focused trading, good position management, improved logistics management and tighter cost control. In agriculture, volume was consciously relinquished in favour of higher margins.

The current focus is to improve operating margins, develop the Asian trading hub, invest in new origination businesses and leverage existing relationships.

There is continued volatility across all markets with weak demand for certain products. In the resources sector continuing production cut-backs in order to firm prices are having limited success. Lack of credit lines and liquidity has had a significant effect on the market. However, the division has been able to maintain its credit lines.

The Trading division continuously manages and monitors its exposure to counterparty and market risks.

Funding requirements have reduced on the back of softer commodity prices and solid cash flows.

The corporate restructure of the division was addressed during the year and a strong management team is in place.

FREIGHT SERVICES

Freight Services reported substantially improved results for the year. Revenues increased by 18%, and operating income by 36%. Terminals and intermodal in particular, produced solid growth on the prior year. The slowdown in motor vehicle and consumer retail sales impacted the performance of Logistics, although it still recorded an improvement on its 2007 results. Ships Agencies once again produced good results.

Income statement

	2008 Rm	2007 Rm	Growth %	Comments
Revenue	**2 552**	2 164	18	Increased volumes in Terminals and Intermodal offsetting decline from discontinued operation
EBITDA	**382**	291	31	
Operating income	**246**	181	36	Improved margins from economies of scale and profits on disposals. Losses on disposal of a logistics operation in 2007
Attributable income	**198**	114	74	
Margin (%)	**9,6**	8,4	14	

COMMENTS CONTINUED

Projects

The following significant expansion projects were progressed during the year:

Ports – Maputo Port

- The port of Maputo master plan outlining the future development of the port will be completed in March 2009 and comprises a strategic plan for the development of the port concession area. The plan provides a framework for berth and channel improvements, development of landside facilities and a review of service corridors and other associated infrastructure. The master plan at this stage covers the proposed development up to 2031. During this period cargo volumes handled through the port are projected to increase to 48,5 million tonnes from the 7,5 million tonnes handled in 2008.
- Total capital expenditure required to cater for these increased volumes is still in the process of being quantified.

Terminals

- Matola Coal Terminal's export capacity increased from 2 million to 4 million tonnes per annum due for completion in March 2009.
- Richards Bay bulk terminal's export and import handling capacities increased to 5,1 million and 1,3 million tonnes respectively, with the addition of 2,8 million tonnes of export and 0,6 million tonnes of import capacity. Hot commissioning is scheduled for March 2009.
- Import facilities enlarged in the Durban drybulk terminal operations with the commissioning of an additional 400 000 tonnes of capacity per annum during the first half of the year.
- Drybulk handling operations in Walvis Bay enlarged with the addition of 130 000 tonnes of throughput capacity per annum, due for completion in the first quarter of 2009.
- Completion of the first phase of a planned three-phase development of a car terminal in the port of Maputo with an initial throughput capability of 52 000 vehicles per annum.
- The joint development of the first of a planned six-phase bulk liquid storage tank farm in the port of Maputo with an initial storage capacity of 10 000 m^3.

Logistics

- Entry into the bulk liquid petrochemical transport market, focusing on cross border transportation, through the acquisition of the business of WM Translogistics in the third quarter and the subsequent expansion of the fleet size to 32 tanker combinations.
- Expansion of the drybulk transportation fleet by 58 super links to a total of 68 units.

Capital expenditure

Total capital expenditure in 2008 amounted to R513 million, funded from a combination of cash resources and external debt. Authorised capital expenditure for 2009 and 2010 amounts to R485 million and R112 million respectively, the vast majority of which relates to the proposed expansion of the drybulk terminal operations as follows:

- Maputo coal terminal export capacity from 4 million to 6 million tonnes per annum at a total cost of R334 million, with completion expected by the end of 2010. This additional capacity has been contracted for on a 75% take or pay basis.
- Richards Bay bulk terminal export capacity by a further 1,2 million tonnes to 6,3 million tonnes per annum with completion expected by the third quarter of 2010 at a total cost R129 million. This additional capacity has also been contracted for on a 75% take or pay basis.

Freight Services has sufficient cash reserves to fund 100% of the capital expenditure approved without the need to raise debt. Third-party funding for R334 million of the contracted expenditure has, however, already been secured.

Disposals

During the course of the year, Freight Services disposed of its interests in the Sheltam Grindrod rail operation.

Subsequent to year end, Grindrod concluded the sale of a 30% interest in the Maputo Car Terminal to Höegh Autoliners, the owner and operator of one of the largest automotive shipping lines in the world. Höegh Autoliners plans to use Maputo as its automotive hub port for the movement of vehicles in the Indian Ocean market.

BEE

Subsequent to year-end, Freight Services concluded a BEE transaction with Calulo Petrochemicals (Pty) Limited ("Calulo") and Adopt a School Foundation ("AAS") with the disposal of a 25,1% interest in Grindrod (South Africa) (Pty) Limited ("GSA"). Calulo is a BEE company with interests in the petrochemical sector and is Grindrod's empowerment partner in Unical (bunker tanker and tanker operating). AAS is a section 21 company that supports the development of schools in previously disadvantaged areas in South Africa. The majority of Grindrod's 100% owned South African assets fall within GSA.

Grindrod intends re-entering the rail sector through the conclusion of a joint venture, subject to the remaining conditions precedent being fulfilled, which will culminate in the establishment of RRL Grindrod, a 53% black owned company. This business will provide locomotive leasing, rail operations and shunting services to its clients. RRL Grindrod's intention is to grow its locomotive fleet to support its client base and position itself to capitalise on business opportunities arising from rail restructure in South Africa.

Market outlook

The Freight Services division came under pressure in the fourth quarter of 2008 along with the collapse in commodity and shipping markets, with the worst affected businesses being the Intermodal and Logistics operations. Dry and liquid bulk terminal operations were largely unaffected by the slowdown in the last quarter and are still expected to perform in line with budget in 2009 as the majority of the volumes handled through these facilities are base commodities such as coal, phosrock, clinker, sulphur, fertilizer, vegetable oils and molasses which are expected to be largely unaffected by the global slowdown. Despite current market conditions, volumes through the car terminal in Maputo are expected to increase in 2009 as contracts are concluded with automotive manufacturers to move a portion of their vehicles through Maputo, combined with the benefit of Höegh Autoliners using Maputo as a hub.

Volumes through the Intermodal operations are expected to decline in 2009 along with the downturn in container traffic. Seafreight's container volumes are expected to decline in 2009. The business will, however, benefit from substantially lower charter rates on vessels and a lower fuel price.

The businesses operating in the durable goods sector (furniture and automotive) are expected to remain under pressure in 2009, with the forecast recovery in the automotive sector only expected in 2010.

FINANCIAL SERVICES

Revenue increased by 25% on the back of strong performances from Corporate Banking, Property Solutions, Investment Products, Treasury and Private Client Services. Credit and liquidity have continued to be conservatively managed which resulted in no bad debts being incurred over the reporting period and a healthy liquidity surplus at year-end. Given the competitive market going into 2008, and the subsequent turmoil in financial markets, advances growth was restricted while deposits increased by 7,9% to R1,52 billion. The resulting liquidity position in excess of R600 million represents 40% of total bank deposits. In addition the Bank's capital adequacy ratio at 16,5% is comfortably above the requirements for banks as stipulated under Basel II.

During the year the Bank launched its first collective investments scheme, the Grindrod Diversified Preference Share Fund. Investors in the fund benefited from a commendable performance over the year. Grindrod Bank's Private Client portfolios also showed resilient performance, again underscoring the benefits of long-term and conservative investment management.

COMMENTS CONTINUED

Income statement

	2008 Rm	2007 Rm	Growth %	Comments
Revenue	**94**	75	25	Strong performance from corporate banking, property solutions, investment products, treasury and private clients services
EBITDA	**46**	39	18	
Operating income	**45**	38	18	
Attributable income	**36**	36	–	

The ongoing global financial crisis, tighter credit, less corporate finance activity and weaker stock markets will make for a difficult operating environment for financial service entities. However, despite these pressures, growth in earnings should be achieved for the 2009 financial year. The Bank will maintain its conservative liquidity, credit and asset management policies to ensure its clients are well serviced and their risks well managed.

BASIS OF PREPARATION

This condensed report complies with International Financial Reporting Standards, as well as with Schedule 4 of the South African Companies Act and the disclosure requirements of the JSE Limited's Listings Requirements and has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed report has been prepared using accounting policies that comply with International Financial Reporting Standards. The accounting policies are consistent with those applied in the financial statements for the year ended 31 December 2007, except for the early adoption of the revised IAS 16 (property, plant and equipment) and IAS 7 (cash flow statements). These changes had no effect on the results but there have been some restatement of the prior year disclosures. The full impact of these changes will be disclosed in the annual report.

SUBSEQUENT EVENTS

No material change has taken place in the affairs of the group between the end of the financial year and the date of this report other than the sale of 25,1% of Grindrod (South Africa) (Pty) Limited to an empowerment group as referred to on page 21.

PROSPECTS

The 2008 financial year was an extraordinary year in the group's history and the outstanding results were achieved mainly through record earnings levels on contracted and spot drybulk ships, profits earned on ship sales and a weaker Rand/US Dollar exchange rate.

In spite of the current economic outlook, earnings growth is anticipated from the Trading, Freight and Financial Services businesses.

The group's balance sheet strength and favourable liquidity position offer a high level of resilience in these markets and will create opportunities to expand through acquisition.

The credit crisis and the global economic downturn have impacted shipping freight movements and this, together with the anticipated growth in world fleet of ships, is expected to result in continued softer shipping markets in 2009. However, the group will continue to benefit from a high level of contract cover at prices above current spot rates and a low cost fleet of ships. There will nevertheless be a decline in the Shipping division's profitability.

Consequently, the group expects a reduction in earnings in comparison to the "super profits" achieved in 2008, but still anticipates acceptable returns on shareholders funds in 2009.

This prospects statement has not been reviewed by the company's auditors.

For and on behalf of the board

I A J Clark
Chairman

A K Olivier
Chief Executive Officer

AUDIT OPINION

The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 31 December 2008. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the company's registered office. The condensed financial statements have been derived from the group financial statements and are consistent in all material respects with the group financial statements.

DECLARATION OF FINAL DIVIDENDS

PREFERENCE DIVIDEND

Notice is hereby given that a final dividend of 623 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (2007: 550 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 68 cents per ordinary share (2007: 44 cents) has been declared payable to ordinary shareholders in accordance with the timetable below.

TIMETABLE

Last day to trade cum-dividend	Friday, 13 March 2009
Shares commence trading ex-dividend	Monday, 16 March 2009
Record date	Friday, 20 March 2009
Dividend payment date	Monday, 23 March 2009

No dematerialisation or rematerialisation of shares will be allowed for the period from 16 March 2009 to 20 March 2009, 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

25 February 2009

FOR MORE INFORMATION, PLEASE REFER TO OUR WEBSITE AT WWW.GRINDROD.CO.ZA

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Incorporated in the Republic of South Africa

Registration number: 1966/009846/06

ISIN: ZAE000072328 and ZAE000071106

Share codes: GND and GNDP

GRINDROD LIMITED

www.grindrod.co.za