

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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The directors of the group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The group's independent external auditors, Deloitte & Touche, have audited the annual financial statements and their unqualified report appears on page 36.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the group will not remain a going concern for the foreseeable future.

The annual financial statements set out on pages 37 to 79 were approved by the board of directors on 23 February 2005 and are signed on their behalf by:



W M Grindrod  
Chairman



I A J Clark  
Group managing director

## COMPANY SECRETARY'S CERTIFICATE

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I, C A S Robertson, company secretary of Grindrod Limited, certify that, to the best of my knowledge and belief, all returns required of a public company have, in respect of the year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.



C A S Robertson  
Secretary  
Durban  
23 February 2005

# REPORT OF THE INDEPENDENT AUDITORS

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## TO THE MEMBERS OF GRINDROD LIMITED

We have audited the annual financial statements and group annual financial statements set out on pages 37 to 79 for the year ended 31 December 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope

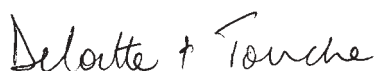
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### Audit Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2004 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



Deloitte & Touche

Registered Accountants and Auditors

Chartered Accountants (SA)

Durban

23 February 2005

# DIRECTORS' REPORT

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The directors have pleasure in presenting their annual report which forms part of the annual financial statements of the company and of the group for the year ended 31 December 2004.

## NATURE OF BUSINESS

The nature of the group's business is set out under group profile on page 3.

## FINANCIAL RESULTS

The profit attributable to ordinary shareholders amounted to R549,9 million (2003: R239,9 million) which represents earnings per share of 610,7 cents (2003: 251,1 cents).

## SHARE CAPITAL

Details of the authorised and issued shares are shown on page 57 and the share analysis is shown on page 77. The directors propose that the authority granted to them to control the unissued shares and to issue new shares for cash be renewed.

During the year, pursuant to the authority granted to directors at a general meeting held on 5 February 2004 the group repurchased 8 958 956 ordinary shares in the company at a price of R11,84 per share totalling R106 147 731.

These shares were cancelled and restored to the status of authorised share capital.

The directors also obtained approval from shareholders at the meeting held on 5 February 2004 to restructure the share capital of the company by replacing the two classes of shares with a new single class of ordinary shares with a par value of 0,01 cent per share. This restructure was effective as at 16 February 2004.

The directors propose that the general authority granted to them to repurchase shares, as opportunities present themselves, be renewed at the forthcoming annual general meeting.

The issued share capital decreased by 5 215 056 shares as a result of the repurchase and cancellation of share offset by the allotment and issue of new shares in terms of the Grindrod Limited Share Option Scheme.

## SHARE OPTION SCHEME

Grindrod has adopted a share option scheme as an incentive to the senior executive employees of the group. At the annual general meeting in May 2004 it was resolved that the unissued shares in the share capital of the company reserved for the purpose of the share option scheme continue to be placed under the control of the directors. The aggregate number of shares reserved for the scheme, together with the shares under option, is 14 000 000. These shares represent 2,5% of the authorised share capital and approximately 15,3% of the issued share capital as at 31 December 2004.

During the year, 100 000 options were granted to the group managing director at 1 900 cents per ordinary share, in terms of the share option scheme.

After taking into account options which have lapsed and options withdrawn in respect of retired employees and employees who have left the group, the balance of the options which have been granted is 13 130 000 shares (equivalent to 14,4% of the issued share capital). Options in respect of 7 229 700 shares have been exercised and issued leaving 5 900 300 shares

# DIRECTORS' REPORT continued

(equivalent to 6,5% of the issued share capital) still under option in terms of the scheme at 31 December 2004. The options are exercisable at the market prices ruling on the dates the options were granted and vary from 130 cents to 1 900 cents per ordinary share and at varying dates before May 2014.

3 743 900 ordinary shares were allotted during the year in terms of the scheme for a consideration of R6 146 930.

Details of share options granted but not exercised are:

Date option granted	Expiry date	Number of ordinary shares	Subscription price (cents)
03.03.1998	03.03.2008	43 400	176
20.11.1998	20.11.2008	900	130
20.10.1999	20.10.2009	400 000	130
13.12.1999	13.12.2009	318 000	149
03.05.2000	03.05.2010	348 000	150
23.11.2000	23.11.2010	360 000	240
19.01.2001	19.01.2011	104 000	266
01.03.2001	01.03.2011	1 840 000	290
01.08.2001	01.08.2011	136 000	305
25.03.2002	25.03.2012	380 000	550
18.07.2002	18.07.2012	320 000	552
04.02.2003	04.02.2013	300 000	640
26.11.2003	26.11.2013	1 250 000	1 195
27.05.2004	27.05.2014	100 000	1 900
		5 900 300	

## SUBSIDIARY COMPANIES

Information on subsidiary companies and associates is contained on pages 76 and 51 respectively. Reviews of the businesses and performance of the main operating subsidiary companies are covered in the operational reviews on pages 19 to 27.

## SPECIAL RESOLUTIONS

At general meetings held on 5 February 2004 the company obtained approval for the specific repurchase of shares and authority to restructure the share capital referred to in detail on page 37.

A renewal of authority for the company or its subsidiaries to repurchase its own shares was obtained at the 2004 annual general meeting.

There have been no special resolutions passed by the company or its subsidiaries, the nature of which might be significant to members in their appreciation of the state of affairs of the group.

## EMPLOYEE RETIREMENT BENEFIT PLANS

Details of the group's employee retirement benefit plans are separately disclosed in note 12.

# DIRECTORS' REPORT continued

## DIRECTORS' INTERESTS IN THE COMPANY

At 31 December 2004, directors held ordinary shares in the company as set out below:

Director	2004				2003			
	Beneficial		Non-beneficial		Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
W M Grindrod		15 249 813		427 000		16 957 352		599 279
D R D White	10 000			5 669	7 217			5 669
I A J Clark	790 100	3 310 909			480 000	7 437 609		
I M Groves		1 106 800				1 168 768		
J C Hall CBE		30 000				40 000		
T J T McClure		608 000				2 000		
A K Olivier		920 650				664 050		
D A Rennie		224 000				343 300		
A F Stewart		26 000				–		
L R Stuart-Hill		926 539				1 029 400		
R J H Whitley				573 285				535 483
Aggregate	800 100	22 402 711		1 005 954	487 217	27 642 479		1 140 431

I A J Clark purchased call options on 1 500 000 ordinary shares in the company on 29 April 2004.

The "N" ordinary shareholdings of directors in respect of 2003 are reflected as ordinary shares for comparison purposes. The ordinary and "N" ordinary shares were consolidated on a one for one basis on 16 February 2004 into a single class of ordinary share.

These shareholdings were unchanged at 23 February 2005.

## DIVIDENDS

The directors have declared a final dividend of 125 cents per ordinary share (2003: 42 cents).

Dividends paid or payable in respect of the year were as follows:

	Date of declaration	Last day to trade cum dividend	Trading ex dividend commences	Record date	Payment date	Amount per share	Amount R000
<b>Interim</b>	26.07.2004	20.08.2004	23.08.2004	27.08.2004	30.08.2004	50 cents	44 836
<b>Final</b>	23.02.2005	11.03.2005	14.03.2005	18.03.2005	22.03.2005	125 cents	114 309

## HOLDING COMPANY

Grindrod Limited had no holding company at 31 December 2004.

## SUBSEQUENT EVENTS

Other than the acquisition of 76% of the issued share capital of Namibian listed company, African Portland Industrial Holdings Limited, 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.

# ACCOUNTING POLICIES

THE FINANCIAL STATEMENTS HAVE BEEN PREPARED ON THE HISTORICAL COST BASIS. THE FINANCIAL STATEMENTS INCORPORATE THE FOLLOWING PRINCIPAL ACCOUNTING POLICIES WHICH ARE IN ACCORDANCE WITH SOUTH AFRICAN STATEMENTS OF GENERALLY ACCEPTED ACCOUNTING PRACTICE AND WITH THE EXCEPTION OF THE ADOPTION OF AC140, BUSINESS COMBINATIONS, AND AC501, ACCOUNTING FOR SECONDARY TAX ON COMPANIES (STC), ARE CONSISTENT WITH THE PREVIOUS YEAR.

## BASIS OF CONSOLIDATION

The group financial statements include the results and financial position of the company and all its subsidiaries. The results of subsidiaries are included from the effective dates of acquisition.

All material inter-company balances and transactions are eliminated.

## ASSOCIATE COMPANIES

Associate companies are those in which the group exercises significant influence over the financial and operating policies.

The attributable net income and the investment in associate companies are included in the consolidated financial statements on an equity accounting basis.

## JOINT VENTURES

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control. The group's interest in jointly controlled entities is accounted for using the proportional consolidated method; the attributable share of the assets, liabilities, revenue, expenses and cash flows being included within similar items on a line by line basis.

Interests in jointly controlled entities that are acquired with a view of disposal in the near future are recorded at cost.

## TRANSLATION OF FINANCIAL STATEMENTS PREPARED IN FOREIGN CURRENCIES

A foreign entity is a foreign operation, the activities of which are not an integral part of those of the reporting enterprise. Balance sheets of consolidated foreign entities are translated into South African currency at rates of exchange ruling at the year end. Profits and losses arising on the translation of the opening net investments and retained earnings of foreign currency denominated entities are included in non-distributable reserves. Income statements are translated at

the weighted average exchange rates for the period with material transactions being translated at the actual rate at transaction date. Previously deferred foreign currency translation gains are recognised in income in the period in which the net investment in the foreign entity is disposed of or when the permanent loan or capital funding is repaid.

The financial statements of foreign operations that are integral to the operations of the reporting enterprise are translated in terms of the accounting policy on foreign currencies.

## FOREIGN CURRENCIES

Transactions or net exposures involving foreign currencies are converted into reporting currency at the exchange rate ruling at the date of the transaction.

Foreign currency monetary assets and liabilities are converted into reporting currency at the exchange rate ruling at the balance sheet date.

Gains and losses are included in the income statement in the current period.

## DEFERRED TAXATION

Deferred taxation is calculated using taxation rates at the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income.

Deferred tax assets are raised only to the extent that their recoverability is probable in the foreseeable future.

Deferred tax assets are raised on STC credits to the extent that it is probable that profits will be available, against which the deductible temporary differences can be utilised.

## SHIPS, PROPERTY, PLANT AND EQUIPMENT

Ships are reflected at their effective net cost after all financing arrangements have been concluded and are depreciated on a straight line basis to an estimated residual value over their useful life to the group currently estimated at 15 years from date of building. Borrowing costs incurred in the financing of the acquisition of ships prior to their delivery are capitalised to the cost of the ship.

Equipment, plant and vehicles are reflected at cost and are depreciated on a straight line basis over the expected life of such assets as follows:

Plant and machinery	5 years
Information technology equipment	3 – 5 years
Vehicles	3 – 10 years

Freehold land is stated at cost less impairment provision. Buildings are reflected at cost and depreciated to estimated residual value over their useful life to the group currently estimated at 50 years from the date of acquisition. Where the estimated residual value exceeds the cost, depreciation is not provided.

Expenditure relating to leasehold properties is capitalised and depreciated over the period of the lease, or 25 years, whichever is the lesser period.

## LEASED ASSETS

Assets acquired under finance leases have been capitalised and are depreciated on the same basis as ships, property, plant and equipment. Lease payments are allocated between a reduction in the liability to the lessor and interest charged to income using the effective interest rate method. All other leases are treated as operating leases and the relevant rentals are charged to income as incurred.

## IMPAIRMENT OF ASSETS

The carrying value of assets is reviewed at each financial year end to determine whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, the asset is written down to recoverable amount.

## INTANGIBLE ASSETS

### Goodwill

Goodwill is defined as the excess of the cost of acquisition over the attributable share of the fair value of net assets at the date of acquisition and is capitalised and amortised on the straight line basis over the period of expected benefit, currently estimated between three and 10 years. With effect from 1 April 2004 and the adoption of Statement AC140, on Business Combinations, goodwill arising from Business Combinations concluded on or after 1 April 2004 is not amortised and is tested annually for impairment.

Where the fair value of net assets at date of acquisition exceed their cost, the excess is recognised as negative goodwill and amortised over the remaining useful life of the assets. With effect from 1 April 2004 and the adoption of Statement AC140, Business Combinations, negative goodwill arising from Business Combinations concluded on or after 1 April 2004 is recognised in the income statement immediately.

## Intangible assets

Intangible assets are amortised over the period from which the benefit is expected to accrue, or 10 years, whichever is the lesser period.

## INVENTORY

Inventory, which includes merchandise, bunkers on board ships and other consumable stores, is valued at the lower of cost and net realisable value. Cost is determined on a weighted average and first in first out basis. Spares on board ships are charged against income when issued to the ships and are not brought to account at the balance sheet date.

## VOYAGE RESULTS

The results of voyages completed during the period and a percentage of the results of uncompleted voyages at the year end are included in the income statement. Anticipated exceptional losses on uncompleted voyages are provided for in full.

## REVENUE RECOGNITION

Charter hire is recognised on a daily basis. Freight revenue is recognised on a percentage of completion of the voyage. Other revenue is recognised when services have been provided.

## FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include investments, trade and other receivables, cash and cash equivalents, trade and other payables, interest bearing debt and certain embedded derivatives and hedges relating to future commitments. Financial instruments are initially measured at cost, which includes transaction costs, when the group is party to a contractual arrangement. Subsequent measurement of financial instruments is set out below.

### Derivative instruments

The group's use of derivative instruments which have a cash flow impact are limited to forward exchange contracts, cross currency and interest rate swaps. Derivatives are subsequently measured at fair value. Any gain or loss on forward exchange contracts relating to foreign currency denominated assets, liabilities, embedded derivatives and hedges is recognised in income unless the contracts are designated as cash flow hedges.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are

recognised directly in equity. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

In terms of the recognition and measurement of financial instruments, embedded derivatives have arisen in certain contracts for the acquisition of ships. These embedded derivatives have been recognised at fair value. Where the recognition of the embedded derivative gives rise to an onerous contract, provision is made in terms of the provisions accounting policy.

### Investments

Investments in subsidiaries, joint ventures and associates are recorded at cost, less goodwill and amounts written off. Other investments are shown at fair value and gains and losses are recognised in income.

Dividends are recognised when the right to receive payment has been established.

### Trade and other receivables

Short duration receivables with no stated interest rate are measured at original invoice amount, less provision for doubtful debts. Other receivables are stated at amortised cost, less provision for doubtful debts and impairment.

### Cash and cash equivalents

Cash and cash equivalents are measured at cost which is equivalent to fair value.

### Financial liabilities

Financial liabilities other than derivatives are recognised at their original debt value less principal payments.

### Offset

Financial assets and financial liabilities are only offset if there is a legal right to offset and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## PROVISIONS

Provisions are only recognised when the group has a present obligation for which it is probable that an outflow of resources will be required and where a reliable estimate can be made of the amount.

Full provision is made for the present obligations of the unavoidable future costs of fulfilling the terms of onerous ship charter contracts to which the group is committed.

## SEGMENTAL REPORTING

The principal segments of the group have been identified on a primary basis by business segment which is representative of the internal structure used for management reporting.

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment and consist principally of ships, property, plant and equipment as well as current assets. Segment liabilities include all operating liabilities and consist principally of trade and other payables. These assets and liabilities are all directly attributable to the segments.

## EMPLOYEE BENEFITS

The group operates a defined benefit pension plan as well as various defined contribution provident funds.

The cost of providing benefits to the group's defined benefit plan and the obligation in respect of post retirement medical aid are determined and provided using the projected unit credit actuarial valuation method. Contribution rates to the defined benefit plan are adjusted for any unfavourable experience adjustments. Favourable experience adjustments are retained within the fund. Actuarial surpluses are brought to account in the group's financial statements only when it is clear that economic benefits will be available to the group. Current contributions to the group's defined contribution funds are charged against income when incurred.

The group's estimated liability in respect of post retirement medical benefits has been fully provided for in the balance sheet.

The group operates a share option scheme. The proceeds on share options are credited to share capital when exercised.

# BALANCE SHEETS at 31 December 2004

	Notes	Group		Company	
		2004	2003	2004	2003
		R000	R000	R000	R000
<b>Assets</b>					
<b>Non-current assets</b>					
Ships, property, plant and equipment	1	1 529 363	961 884		
Intangible assets	2	42 355	37 074		
Investments in subsidiaries	3			158 278	51 504
Investments in associates	4	144 253	133 989	75 096	84 196
Other investments	5	81 594	131 214		
Financial assets	6	54	50 313		
Deferred taxation	7	30 456	6 952	14 087	–
<b>Total non-current assets</b>		<b>1 828 075</b>	<b>1 321 426</b>	<b>247 461</b>	<b>135 700</b>
<b>Current assets</b>					
Inventory	8	29 391	18 753		
Trade and other receivables	9	413 993	509 552	60 365	1 184
Taxation		630	–		
Cash and cash equivalents		345 655	244 994	1 999	74 628
<b>Total current assets</b>		<b>789 669</b>	<b>773 299</b>	<b>62 364</b>	<b>75 812</b>
<b>Total assets</b>		<b>2 617 744</b>	<b>2 094 725</b>	<b>309 825</b>	<b>211 512</b>
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	10	6 298	83 527	67 414	167 414
Non-distributable reserves		(156 360)	(22 271)		
Accumulated profit		992 862	547 696	231 306	43 169
Ordinary shareholders' equity		842 800	608 952	298 720	210 583
Outside shareholders' interest		8 100	7 428		
<b>Total shareholders' funds</b>		<b>850 900</b>	<b>616 380</b>	<b>298 720</b>	<b>210 583</b>
<b>Non-current liabilities</b>					
Long term borrowings	11	660 373	479 154		
Provision for post retirement medical aid	12	52 355	49 790		
Provisions	13	–	34 700		
Financial liabilities	6	49 727	76 473		
Deferred taxation	7	8 362	2 227		
<b>Total non-current liabilities</b>		<b>770 817</b>	<b>642 344</b>		
<b>Current liabilities</b>					
Trade and other payables	14	627 263	448 775	11 105	929
Short term borrowings and overdraft	11	198 194	295 391		
Current portion of long term liabilities	11	112 396	81 970		
Taxation		58 174	9 865		
<b>Total current liabilities</b>		<b>996 027</b>	<b>836 001</b>	<b>11 105</b>	<b>929</b>
<b>Total equity and liabilities</b>		<b>2 617 744</b>	<b>2 094 725</b>	<b>309 825</b>	<b>211 512</b>

# INCOME STATEMENTS year ended 31 December 2004

	Notes	Group		Company	
		2004	2003	2004	2003
		R000	R000	R000	R000
Revenue	15	3 012 454	1 976 418	260 719	34 420
Other income	16	81 043	78 468		
Operating expenses	16	(2 360 883)	(1 670 175)	(2 524)	(2 154)
Trading profit		732 614	384 711	258 195	32 266
Depreciation	16	(77 643)	(55 100)		
Operating profit before interest paid and taxation		654 971	329 611	258 195	32 266
Non-trading items	17	(4 337)	161	(137)	–
Interest paid	18	(100 106)	(116 832)	(2 048)	(1 116)
Profit before taxation		550 528	212 940	256 010	31 150
Taxation	19	(42 661)	(4 489)	14 087	–
Profit after taxation		507 867	208 451	270 097	31 150
Share of associate companies' profit after taxation		42 735	31 704		
Profit for the year		550 602	240 155	270 097	31 150
Outside shareholders' interest		(705)	(256)		
<b>Profit attributable to ordinary shareholders</b>		<b>549 897</b>	<b>239 899</b>	<b>270 097</b>	<b>31 150</b>
<b>Earnings per share (cents)</b>	20				
Basic		610,7	251,1		
Diluted		581,1	239,0		
<b>Headline earnings per share (cents)</b>	20				
Basic		618,4	250,9		
Diluted		588,4	238,9		
<b>Dividends per ordinary share declared for the financial year (cents)</b>		<b>175,0</b>	<b>60,0</b>		

# STATEMENTS OF CHANGES IN EQUITY year ended 31 December 2004

Group	Share capital	Share premium	Foreign currency translation reserve	Hedging reserve	Accumulated profit	Total
	R000	R000	R000	R000	R000	R000
Balance at 31 December 2002	356	80 952	90 933	–	349 862	522 103
Share options exercised		2 951				2 951
Shares repurchased and cancelled		(732)				(732)
Foreign currency translation adjustments			(113 204)			(113 204)
Attributable to exchange rate movement			(87 759)			(87 759)
Realised on repayment of loans/sale of ships			(34 601)			(34 601)
Deferred taxation effect on sale of ship			9 156			9 156
Profit attributable to ordinary shareholders					239 899	239 899
Dividends paid					(42 065)	(42 065)
Balance at 31 December 2003	356	83 171	(22 271)	–	547 696	<b>608 952</b>
Share options exercised		6 146				<b>6 146</b>
Shares repurchased and cancelled	(89)	(83 286)			(22 771)	<b>(106 146)</b>
Conversion of ordinary shares	(258)	258				–
Foreign currency translation adjustments			(84 364)			<b>(84 364)</b>
Financial instrument hedge				(49 725)		<b>(49 725)</b>
Profit attributable to ordinary shareholders					549 897	<b>549 897</b>
Dividends paid					(81 960)	<b>(81 960)</b>
<b>Balance at 31 December 2004</b>	<b>9</b>	<b>6 289</b>	<b>(106 635)</b>	<b>(49 725)</b>	<b>992 862</b>	<b>842 800</b>

## ANALYSIS OF HOLDING COMPANY AND SUBSIDIARY INTERESTS

### Group

Group	Share capital	Share premium	Foreign currency translation reserve	Hedging reserve	Accumulated profit	Total
	R000	R000	R000	R000	R000	R000
Holding company	9	67 405			231 306	298 720
Subsidiaries		(61 116)	(106 635)	(49 725)	761 556	544 080
	9	6 289	(106 635)	(49 725)	992 862	842 800

### Company

Company	Share capital	Share premium	Accumulated profit	Total
	R000	R000	R000	R000
Balance at 31 December 2002	422	164 040	59 104	223 566
Share options exercised		2 951		2 951
Shares repurchased and cancelled	(66)	67		1
Profit attributable to ordinary shareholders			31 150	31 150
Dividends paid			(47 085)	(47 085)
Balance at 31 December 2003	356	167 058	43 169	<b>210 583</b>
Share options exercised		6 146		<b>6 146</b>
Shares repurchased and cancelled	(89)	(106 057)		<b>(106 146)</b>
Conversion of ordinary shares	(258)	258		–
Profit attributable to ordinary shareholders			270 097	<b>270 097</b>
Dividends paid			(81 960)	<b>(81 960)</b>
<b>Balance at 31 December 2004</b>	<b>9</b>	<b>67 405</b>	<b>231 306</b>	<b>298 720</b>

# CASH FLOW STATEMENTS year ended 31 December 2004

	Notes	Group		Company	
		2004	2003	2004	2003
		R000	R000	R000	R000
<b>Cash flows from operating activities</b>					
Cash receipts from charter hire		1 350 609	941 425		
Cash receipts from freight		1 154 447	630 287		
Cash receipts from invoiced sales		428 811	885 102		
Other		10 360	12 390		
Cash receipts from customers		2 944 227	2 469 204		
Cash payments to suppliers and employees		(2 180 810)	(2 229 904)	(1 762)	(2 898)
Cash generated from/(absorbed by) operations	28.1	763 417	239 300	(1 762)	(2 898)
Interest received		38 129	37 432	568	908
Interest paid		(102 251)	(123 060)	(2 048)	(1 116)
Dividends received		21 344	12 508	199 786	33 512
Dividends paid	28.2	(81 960)	(42 065)	(81 960)	(47 085)
Taxation paid		(3 766)	(2 698)		
<b>Net cash inflow/(outflow) from operating activities</b>		<b>634 913</b>	<b>121 417</b>	<b>114 584</b>	<b>(16 679)</b>
<b>Cash flows from investing activities</b>					
Ships, property, plant and equipment acquired	28.3	(558 963)	(290 773)		
Replacement of ships, property, plant and equipment		(3 993)	(3 954)		
Additions to ships, property, plant and equipment		(554 970)	(286 819)		
Acquisition of investments		(138 068)	(372)		
Acquisition of subsidiaries and joint ventures	28.4	(4 162)	(33 843)	–	(79)
Proceeds from disposal of ships, property, plant and equipment		4 021	438 159		
Proceeds from disposal of investments		96 877	–	9 212	–
Proceeds from disposal of associates		–	5 431		
Capital receipts from finance lease		18 233	23 591		
Loans repaid by associate companies		1 772	13 818		
Loans advanced to joint ventures		(4 545)	(22 775)		
Net (advances to)/payments by subsidiaries				(96 425)	84 797
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(584 835)</b>	<b>133 236</b>	<b>(87 213)</b>	<b>84 718</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of ordinary share capital		6 146	2 951	6 146	2 951
Repurchase of ordinary share capital		(106 146)	(732)	(106 146)	–
Proceeds from long term borrowings		485 194	96 581		
Payment of capital portion of long term borrowings		(229 079)	(262 991)		
Short term loan (repaid)/raised		(129 711)	17 131		
<b>Net cash inflow/(outflow) from financing activities</b>		<b>26 404</b>	<b>(147 060)</b>	<b>(100 000)</b>	<b>2 951</b>
Net increase/(decrease) in cash and cash equivalents		76 482	107 593	(72 629)	70 990
Cash and cash equivalents at beginning of period		189 150	85 844	74 628	3 638
Proportional consolidation of joint venture	28.5	–	2 183		
Difference arising on translation		(8 335)	(6 470)		
<b>Cash and cash equivalents at end of period</b>	28.6	<b>257 297</b>	<b>189 150</b>	<b>1 999</b>	<b>74 628</b>

# SEGMENTAL ANALYSIS year ended 31 December 2004

Business segments	Shipping services		Freight and financial services		Group	
	2004	2003	2004	2003	2004	2003
	R000	R000	R000	R000	R000	R000
Revenue						
– External	2 485 057	1 521 059	527 397	455 359	3 012 454	1 976 418
– Internal	242 842	71 632	34 699	67 889	277 541	139 521
Trading profit						
excluding interest received	638 011	277 556	56 474	57 395	694 485	334 951
Depreciation	(44 940)	(36 644)	(32 703)	(18 456)	(77 643)	(55 100)
Operating profit						
excluding interest received	593 071	240 912	23 771	38 939	616 842	279 851
Non-trading items	(3 332)	6 408	(1 005)	(6 247)	(4 337)	161
Share of associate companies' profit	–	–	42 735	31 704	42 735	31 704
Segment result excluding net interest and taxation	589 739	247 320	65 501	64 396	655 240	311 716
Interest received	5 578	9 443	32 551	40 317	38 129	49 760
Interest paid	(55 835)	(61 812)	(44 271)	(55 020)	(100 106)	(116 832)
Taxation	(37 995)	(2 275)	(4 666)	(2 214)	(42 661)	(4 489)
Profit for the year	501 487	192 676	49 115	47 479	550 602	240 155
Outside shareholders' interest	–	–	(705)	(256)	(705)	(256)
Profit attributable to ordinary shareholders	501 487	192 676	48 410	47 223	549 897	239 899
Capital expenditure	502 797	197 640	56 166	93 133	558 963	290 773
Segment assets	1 899 661	1 373 681	718 083	721 044	2 617 744	2 094 725
Segment liabilities excluding interest bearing debt	(380 243)	(330 462)	(349 102)	(279 276)	(729 345)	(609 738)

Geographic segments	Isle of Man		UK/Europe		Singapore		Southern Africa		Group	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
Revenue	771	1 950	195 225	147 898	426 246	40 047	2 390 212	1 786 523	3 012 454	1 976 418
Capital expenditure	–	–	417 919	189 570	403	18	140 641	101 185	558 963	290 773
Segment assets	8 803	127 795	1 537 368	1 166 724	140 303	3 803	931 270	796 403	2 617 744	2 094 725

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

			Group	
	Cost/ valuation R000	Accumulated depreciation/ amortisation R000	<b>2004 Carrying value R000</b>	2003 Carrying value R000
<b>1. SHIPS, PROPERTY, PLANT AND EQUIPMENT</b>				
<b>Freehold and leasehold properties</b>				
Opening balance	109 358	(4 669)	<b>104 689</b>	59 115
Translation loss	(280)	–	<b>(280)</b>	(640)
Additions and improvements	3 076	–	<b>3 076</b>	81 745
Disposals	(315)	315	–	(33 349)
Depreciation/amortisation	–	(4 684)	<b>(4 684)</b>	(2 182)
Closing balance	111 839	(9 038)	<b>102 801</b>	104 689
<b>Ships</b>				
Opening balance	408 597	(22 570)	<b>386 027</b>	562 144
Translation loss	(74 700)	3 276	<b>(71 424)</b>	(26 516)
Consolidation of joint venture	–	–	–	86 762
Transfer from ships under construction	469 475	–	<b>469 475</b>	–
Additions	318 405	–	<b>318 405</b>	–
Onerous contract provision	(16 800)	–	<b>(16 800)</b>	–
Disposals	–	–	–	(219 240)
Depreciation	–	(30 866)	<b>(30 866)</b>	(17 123)
Closing balance	1 104 977	(50 160)	<b>1 054 817</b>	386 027
<b>Ships under construction</b>				
Opening balance	157 475	–	<b>157 475</b>	16 801
Translation loss	(21 032)	–	<b>(21 032)</b>	(1 768)
Additions	417 314	–	<b>417 314</b>	136 278
Onerous contract provision	(26 300)	–	<b>(26 300)</b>	–
Finance costs capitalised	2 145	–	<b>2 145</b>	6 164
Transfer to ships	(469 475)	–	<b>(469 475)</b>	–
Closing balance	60 127	–	<b>60 127</b>	157 475
<b>Leased ships</b>				
Opening balance	223 688	(75 036)	<b>148 652</b>	406 834
Translation loss	(33 351)	12 517	<b>(20 834)</b>	(61 200)
Disposals	–	–	–	(179 557)
Depreciation	–	(10 462)	<b>(10 462)</b>	(17 425)
Closing balance	190 337	(72 981)	<b>117 356</b>	148 652
<b>Equipment, plant and vehicles</b>				
Opening balance	162 133	(19 224)	<b>142 909</b>	19 069
Translation loss	(94)	38	<b>(56)</b>	(42)
Additions	54 073	–	<b>54 073</b>	135 685
Reclassification from leased assets	1 935	(450)	<b>1 485</b>	–
Finance costs capitalised	–	–	–	6 228
Impairment	–	–	–	(750)
Disposals	(6 771)	3 345	<b>(3 426)</b>	(2 064)
Depreciation	–	(28 787)	<b>(28 787)</b>	(15 217)
Closing balance	211 276	(45 078)	<b>166 198</b>	142 909

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Cost/ valuation R000	Accumulated depreciation/ amortisation R000	2004 Carrying value R000	Group 2003 Carrying value R000
<b>1. SHIPS, PROPERTY, PLANT AND EQUIPMENT (continued)</b>				
<b>Leased equipment, plant and vehicles</b>				
Opening balance	36 276	(14 144)	22 132	29 513
Additions	10 350	–	10 350	6 384
Reclassification to owned assets	(1 935)	450	(1 485)	–
Disposals	(167)	78	(89)	(10 612)
Depreciation	–	(2 844)	(2 844)	(3 153)
Closing balance	44 524	(16 460)	28 064	22 132
Aggregate	1 723 080	(193 717)	1 529 363	961 884
<p>Details of the freehold and leasehold properties are recorded in a register available for inspection at the registered office of the company or its subsidiaries.</p> <p>Certain assets are encumbered in respect of capitalised lease and loan liabilities details of which are shown under loan funds on page 75.</p> <p>Hull and machinery insurance in respect of loss or damage to owned and chartered ships is insured at replacement value and the sum insured is US\$326,5 million.</p> <p>It is the policy of Grindrod and its subsidiaries to insure their property, plant and equipment at replacement value, however in certain circumstances assets cover is limited to market value and the sum insured is R415,5 million.</p>				
<b>2. INTANGIBLE ASSETS</b>				
<b>2.1 Goodwill</b>				
<b>Negative goodwill</b>				
Opening balance	(71 965)	65 988	(5 977)	(12 925)
Additions	–	–	–	(172)
Amortisation	–	1 157	1 157	7 120
Closing balance	(71 965)	67 145	(4 820)	(5 977)
<b>Goodwill asset</b>				
Opening balance	90 883	(65 112)	25 771	29 133
Translation loss	(124)	–	(124)	–
Additions	13 747	–	13 747	5 044
Impairment	–	(1 014)	(1 014)	–
Amortisation	–	(6 565)	(6 565)	(8 406)
Closing balance	104 506	(72 691)	31 815	25 771
Aggregate	32 541	(5 546)	26 995	19 794
<b>2.2 Intangible asset</b>				
Opening balance	19 200	(1 920)	17 280	–
Additions	–	–	–	19 200
Amortisation	–	(1 920)	(1 920)	(1 920)
Closing balance	19 200	(3 840)	15 360	17 280
Aggregate	51 741	(9 386)	42 355	37 074
The intangible asset relates to the acquisition by the group of a future income stream.				

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Company	
	2004	2003
	R000	R000
<b>3. INVESTMENTS IN SUBSIDIARIES</b>		
Shares at cost	591 763	463 674
Amounts due from subsidiaries	50 312	20 739
	642 075	484 413
Amounts due to subsidiaries	(483 797)	(432 909)
	158 278	51 504

Details of the investments in subsidiaries are shown on the schedule of interest in subsidiaries on page 76.

	Effective holding %	Group		Company	
		2004	2003	2004	2003
		R000	R000	R000	R000
<b>4. INVESTMENTS IN ASSOCIATES</b>					
<b>Unlisted</b>					
RMBT Holdings Limited					
Shares – company	50	75 096	75 096	75 096	75 096
Convertible preference shares					
– subsidiary company		–	9 100	–	9 100
Goodwill		(27 899)	(27 899)		
Fair value of identifiable net assets at date of acquisition		47 197	56 297	75 096	84 196
Röhlig-Grindrod (Proprietary) Limited					
Shares	42,5	6 605	6 605		
Loan account		4 250	6 022		
Swakop Lines (Proprietary) Limited					
Shares (deregistered 2004)	50	–	418		
Ocean Africa Container Lines (Proprietary) Limited					
Shares	49	7 089	7 089		
Other investments		535	372		
		65 676	76 803	75 096	84 196
Attributable share of retained income		78 577	57 186		
		144 253	133 989	75 096	84 196
Directors' valuation		297 146	292 366	169 500	169 500
RMBT Holdings Limited is incorporated in the Republic of South Africa and provides merchant banking, asset management and property services.					
The following financial information is pertinent to the company:					
Total assets		844 523	768 595		
Total liabilities		(675 524)	(602 640)		
Share of current profits		15 061	11 683		

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group	
	2004	2003
	R000	R000
<b>5. OTHER INVESTMENTS</b>		
Cash/financial investments		
Ship option security deposit	41 634	123 585
Loans to joint ventures		
Shareholders' loans	8 632	1 711
Other loans	18 406	89 077
Prepayment on investment	12 922	–
Finance lease receivable	–	21 417
	<b>81 594</b>	235 790
Less current portion included in trade and other receivables	–	(104 576)
	<b>81 594</b>	131 214

The ship option security deposit relates to a US Dollar denominated deposit placed to secure an option to purchase a ship in 2011.

The shareholders' loans to joint ventures do not bear interest and there are no fixed repayment terms. The other loans to joint ventures bear interest at prime (2003: prime and prime + 2%).

## 6. FINANCIAL INSTRUMENTS

The group's financial instruments consist mainly of cash deposits, long term loans, trade and other receivables and payables. Derivative instruments are used by the group for hedging purposes. Hedging instruments used by the group comprise forward exchange contracts, cross currency and interest rate swaps.

### Foreign currency risk

In terms of group policy, foreign loan liabilities are not covered using forward exchange contracts as these are covered by a natural hedge against the underlying assets. The group's policy is to cover forward all trade commitments that are not hedged by a foreign currency revenue stream and to cover the Rand funded element of capital commitments. Forward exchange contracts that relate to embedded derivatives in shipbuilding contracts have not been designated as hedges for accounting purposes.

Monetary items are converted to Rands at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year end to settlement date, as provided by independent financial institutions.

### Foreign currency balances

The uncovered foreign currency denominated balances at 31 December were as follows:

	Group			
	2004	2004	2003	2003
	US\$000	R000	US\$000	R000
Ship option security deposit	7 369	41 634	18 612	123 585
Loans	(25 844)	(146 018)	(10 598)	(70 737)
Trade and other receivables	601	3 396	2 156	14 316
Trade and other payables	(165)	(932)	(1 406)	(9 336)
Bank balances	37 037	209 259	15 881	105 450
	<b>18 998</b>	<b>107 339</b>	24 645	163 278

In addition, a proportionally consolidated US Dollar joint venture has uncovered Rand liabilities as follows:

	US\$000	R000	US\$000	R000
Capitalised finance leases secured by ships	17 926	101 282	17 111	113 620

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

## 6. FINANCIAL INSTRUMENTS (continued)

### Derivative instruments

The group had separated the accounting treatment of ship construction contracts entered into by companies with Rand measurement currency between:

- a notional Rand denominated contract for the construction of the ship; and
- an embedded derivative in terms of which the group has a forward commitment to sell foreign currency.

The risk relating to the embedded derivatives is summarised as follows:

Foreign currency	2004				2003			
	Ave rate	Contract value US\$000	Contract value R000	Asset R000	Ave rate	Contract value US\$000	Contract value R000	Asset R000
Sell Dollars	–	–	–	–	10,86	48 600	546 613	210 859

The group has entered into certain forward exchange contracts to reduce the exposure to the above embedded derivatives arising from ship building contracts. These forward exchange contracts were closed out during the year. The amounts represent the net Rand equivalents of commitments to purchase and sell foreign currencies. The average rates shown include the cost of forward cover.

Foreign currency	2004				2003			
	Ave rate	Contract value US\$000	Contract value R000	Liability R000	Ave rate	Contract value US\$000	Contract value R000	Liability R000
Purchase Dollars	9,40	(36 674)	(344 836)	(133 047)	10,52	(42 718)	(453 503)	(154 972)
Sell Dollars	6,61	36 674	242 546	30 757	–	–	–	–
	–	–	(102 290)	(102 290)	–	(42 718)	(453 503)	(154 972)

Foreign currency	2004				2003			
	Ave rate	Contract value €000	Contract value R000	Asset R000	Ave rate	Contract value €000	Contract value R000	Asset R000
Purchase Euro	–	–	–	–	6,87	(1 544)	(10 602)	246

Foreign currency	2004				2003			
	Ave rate	Contract value €000	Contract value US\$000	Asset R000	Ave rate	Contract value €000	Contract value US\$000	Asset R000
Purchase Euro, sell Dollars	7,56	392	525	56	9,16	914	1 123	188

Foreign currency	2004				2003			
	Ave rate	Contract value £000	Contract value US\$000	Liability R000	Ave rate	Contract value £000	Contract value US\$000	Liability R000
Purchase GB Pounds, sell Dollars	10,92	107	207	(2)	–	–	–	–

The group had entered into a hedging agreement with a joint venture company, in terms of which the joint venture had hedged a foreign currency exposure. The portion of the agreement that had not eliminated on consolidation is summarised below. The group acquired the other 50% of the joint venture during the year and the foreign currency exposure was closed out.

Foreign currency	2004				2003			
	Ave rate	Contract value US\$000	Contract value R000	Asset R000	Ave rate	Contract value US\$000	Contract value R000	Asset R000
Sell Dollars	–	–	–	–	10,52	3 904	35 751	9 632

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

## 6. FINANCIAL INSTRUMENTS (continued)

The group has entered into cross currency swaps on certain Dollar loans which create a Rand loan obligation. The cross currency swaps have been designated and qualify as hedges in line with the group's accounting policy thereon. This results in more cost effective Rand financing compared to entering the Rand markets directly.

Maturity date	2004			2003
	Nominal value		Liability	Liability
	US\$000	R000	R000	R000
4 March 2014	9 505	59 929	(813)	–
17 June 2014	9 670	60 317	(717)	–
20 December 2014	10 000	57 725	(706)	–
	29 175	177 971	(2 236)	–

The group has entered into forward exchange contracts to hedge cross currency swaps to be entered into on two ships to be delivered in 2006 and 2007 respectively. The exposure to Rand/Dollar exchange rate fluctuations has been designated and qualifies as a hedge in line with the group's accounting policy thereon.

Foreign currency	Ave rate	2004		2003	
		Contract value		Liability	
		US\$000	R000	R000	
Purchase Dollars	8,35	20 000	167 270	(47 094)	–

### Interest rate risk

The group monitors its exposure to fluctuating interest rates and generally enters into contracts that are linked to market rates relative to the currency of the asset or liability. The group makes use of derivative instruments, such as interest rate swaps to manage this exposure, from time to time.

The interest rate profile of the group is summarised as follows:	Group	
	2004	2003
	R000	R000
Loans linked to LIBOR	146 045	116 055
Loans linked to SA money market	590 587	403 993
Short term borrowings linked to SA money market	198 194	295 391
Loans with a fixed interest rate	36 137	41 076
	970 963	856 515

Full details of the interest rate profile of long term borrowings is set out in the schedule of loan funds on page 75.

The group has entered into an interest rate swap on 20% of a Rand denominated loan, whereby a portion of the variable interest rate has been fixed at 9,5%.

Maturity date	Interest rate	2004		2003
		Nominal value		Liability
		R000	R000	R000
19 December 2006	Variable to 9,5%	20 256	(395)	–

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

## 6. FINANCIAL INSTRUMENTS (continued)

The abovementioned amounts have been disclosed in the balance sheet as follows:

	<b>Hedging reserve 2004 R000</b>	<b>Financial assets 2004 R000</b>	<b>Financial liabilities 2004 R000</b>	Hedging reserve 2003 R000	Financial assets 2003 R000	Financial liabilities 2003 R000
Embedded derivatives		–			210 859	
Forward exchange contracts on ships and other trading commitments	(47 094)	54	(149 386)		604	(155 142)
Cross currency swap	(2 235)		(2 235)			
Interest rate swaps	(396)		(396)			
Hedging agreement		–			9 632	
	(49 725)	54	(152 017)	–	221 095	(155 142)
Less portion due within one year included in trade and other payables/(receivables)		–	102 290		(170 782)	78 669
	(49 725)	54	(49 727)	–	50 313	(76 473)

### Credit risk

Potential areas of credit risk consist of cash and cash equivalents, trade debtors and other receivables.

The group limits its exposures in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. The spread of risk in relation to trade and other debtors is summarised as follows:

2004	Shipping services		Freight and financial services		Group	
	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000
Trade debtors	186	31 301	2 240	157 650	2 426	188 951
Other	n/a	58 845	n/a	24 237	n/a	83 082
		90 146		181 887		272 033

2003	Shipping services		Freight and financial services		Group	
	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000
Trade debtors	221	39 745	2 570	119 108	2 791	158 853
Other	n/a	31 900	n/a	19 607	n/a	51 507
		71 645		138 715		210 360

### Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The directors may from time to time at their discretion raise or borrow monies for the purpose of the group as they deem fit. There are no borrowing limits in the articles of association of the company or its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>7. DEFERRED TAXATION</b>				
Deferred taxation analysed by major category:				
Capital allowances	(13 464)	(11 082)		
Other timing differences	7 599	11 151		
STC credits	18 647	–	14 087	–
Estimated taxation losses	9 312	4 656		
	<b>22 094</b>	<b>4 725</b>	<b>14 087</b>	<b>–</b>
Reconciliation of deferred taxation:				
Opening balance	4 725	(12 121)		
Income statement effect	16 836	9 893	14 087	–
Transfer to non-distributable reserve	–	9 156		
Purchase of subsidiaries and joint ventures	533	(2 203)		
Closing balance	<b>22 094</b>	<b>4 725</b>	<b>14 087</b>	<b>–</b>
Comprising:				
Deferred tax assets	30 456	6 952	14 087	–
Deferred tax liabilities	(8 362)	(2 227)		
	<b>22 094</b>	<b>4 725</b>	<b>14 087</b>	<b>–</b>
<b>8. INVENTORY</b>				
Bunkers and other consumables	25 122	15 407		
Merchandise	4 269	3 346		
	<b>29 391</b>	<b>18 753</b>		
<b>9. TRADE AND OTHER RECEIVABLES</b>				
Trade debtors	188 951	158 853		
Prepayments	141 960	23 834	–	1 184
Current portion of other investments (note 5)	–	104 576		
Current portion of financial asset (note 6)	–	170 782		
Other receivables	83 082	51 507	60 365	–
	<b>413 993</b>	<b>509 552</b>	<b>60 365</b>	<b>1 184</b>

Trade debtors amounting to R84 830 000 (2003: R45 000 000) have been ceded to two finance institutions in order to secure overdraft facilities.

Prepayments include R124 876 000 (2003: Nil) relating to a tradeable asset.

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>10. SHARE CAPITAL</b>				
<b>Authorised</b>				
Nil ordinary shares of 1,0 cent each (2003: 50 000 000)	–	500	–	500
Nil “N” ordinary shares of 0,01 cent each (2003: 500 000 000)	–	50	–	50
550 000 000 ordinary shares of 0,01 cent each (2003: Nil)	<b>55</b>	–	<b>55</b>	–
	<b>55</b>	550	<b>55</b>	550
<b>Issued</b>				
Nil ordinary shares of 1,0 cent each (2003: 35 031 654)	–	350	–	350
Nil “N” ordinary shares of 0,01 cent each (2003: 61 104 954)	–	6	–	6
90 921 552 ordinary shares of 0,01 cent each (2003: Nil)	<b>9</b>	–	<b>9</b>	–
<b>Share premium</b>	<b>6 289</b>	83 171	<b>67 404</b>	167 058
Balance at beginning of year	<b>83 171</b>	80 952	<b>167 058</b>	164 040
Premium on shares issued	<b>6 146</b>	2 951	<b>6 146</b>	2 951
Net premium on shares bought back and cancelled	<b>(83 286)</b>	(732)	<b>(106 057)</b>	67
Conversion of ordinary shares from 1,0 cent to 0,01 cent each	<b>258</b>	–	<b>258</b>	–
<b>Total issued share capital and premium</b>	<b>6 298</b>	83 527	<b>67 414</b>	167 414

Prior to the restructuring of the share capital on 23 February 2004, Nil (2003: 15 000) ordinary and 73 500 (2003: 1 744 833) “N” ordinary shares with a nominal value of R7,35 (2003: R324,48) were issued during the year for R115 616 (2003: R2 950 977).

8 958 956 (2003: Nil) ordinary shares with a nominal value of R89 589,56 (2003: Nil) and Nil (2003: 119 729) “N” ordinary shares with a nominal value of Nil (2003: R11,97) were bought back during the year and 8 958 956 (2003: Nil) ordinary shares and Nil (2003: 119 729) “N” ordinary shares with a nominal value of R89 589,56 (2003: R11,97) and a premium of R106 058 142 (2003: R731 553) were cancelled.

Following the restructuring of the share capital on 23 February 2004, 3 670 400 (2003: Nil) ordinary shares with a nominal value of R367,04 (2003: Nil) were issued during the year for R6 031 314 (2003: Nil).

The unissued shares, to the extent of a maximum of 10% of the issued shares, are under the control of the directors until the forthcoming annual general meeting.

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group	
	2004	2003
	R000	R000
<b>11. INTEREST BEARING DEBT</b>		
Long and medium term financing	<b>660 373</b>	479 154
Aggregate amount repayable within one year	<b>112 396</b>	81 970
Aggregate loans	<b>772 769</b>	561 124
Short term borrowings and overdraft	<b>198 194</b>	295 391
	<b>970 963</b>	856 515
Group assets of R1 346 716 000 (2003: R733 680 000) are pledged as security for loans, of R712 769 000 (2003: R541 124 000).		
Details of the long and medium term financing are shown on the schedule of loan funds on page 75.		
<b>12. EMPLOYEE BENEFIT OBLIGATIONS</b>		
<b>12.1 Provision for post retirement medical aid</b>		
The group subsidises the medical aid contributions of certain retired employees and has an obligation to subsidise contributions of certain current employees when they reach retirement.		
The amounts recognised in the financial statements in this respect are as follows:		
Recognised liability at beginning of the year	<b>49 790</b>	57 735
Recognised as an expense/(income) in the current year	<b>6 263</b>	(4 431)
Interest on obligation	<b>5 796</b>	5 439
Current service cost	<b>556</b>	498
Actuarial gain recognised	<b>(89)</b>	(10 368)
Contributions paid	<b>(3 994)</b>	(3 514)
Acquisition on purchase of business	<b>296</b>	–
Present value of unfunded obligations recognised as a liability at end of the year	<b>52 355</b>	49 790
There are no unrecognised actuarial gains or losses.		
The principal actuarial assumptions applied in the determination of fair values include:		
Health care cost inflation	<b>10%</b>	10%
Discount rate	<b>12%</b>	12%
Continuation at retirement	<b>75%</b>	75%
The actuarial valuation was undertaken during 2003.		

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

## 12. EMPLOYEE BENEFIT OBLIGATIONS (continued)

### 12.2 Retirement benefit plans

The group provides privately administered pension and provident funds for all permanent employees except those who belong to an external fund, industry pension fund or provident scheme. All eligible employees are members of either defined benefit or contribution plans which are governed by the South African Pensions Fund Act 1956.

An actuarial valuation was completed of the privately administered pension fund at 1 April 2003 and in the opinion of the actuary the fund was in a sound financial position.

The funded status of the pension fund related to service prior to 1 April 2003 is as follows:

	R000
Actuarial value of assets	63 848
Present value of liabilities accrued to 1 April 2003	(44 578)
Unrecognised surplus	19 270

The next actuarial valuation is due to be completed at 1 April 2006. The employer's contributions to all retirement benefit plans are charged against income when incurred.

The group has not recognised the fund's surplus pending the finalisation of the surplus apportionment plan in terms of the Pensions Funds Second Amendment Act 2001.

	Ship construction onerous contracts R000	Voyage onerous contracts R000	2004 R000	Group 2003 R000
<b>13. PROVISIONS</b>				
Balance at 1 January	34 700	–	<b>34 700</b>	13 044
Adoption of AC133			–	34 700
Charged/(credited) to income statement		50 240	<b>50 240</b>	(1 768)
Voyage onerous contracts		50 240	<b>50 240</b>	–
Notional interest			–	409
Foreign exchange gain			–	(2 177)
Expenses charged against provisions			–	(7 099)
Acquired during the year	8 400		<b>8 400</b>	–
Reclassification to ships, property, plant and equipment	(43 100)		<b>(43 100)</b>	–
Balance at 31 December	–	50 240	<b>50 240</b>	38 877
Current portion included under trade and other payables		(50 240)	<b>(50 240)</b>	(4 177)
Total non-current provisions	–	–	–	34 700

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	R000	R000	R000	R000
<b>14. TRADE AND OTHER PAYABLES</b>				
Trade creditors	150 835	139 536		
Accrued expenses	259 413	146 024	11 105	929
Other payables	64 485	80 369		
Current portion of financial liabilities (note 6)	102 290	78 669		
Current portion of provisions (note 13)	50 240	4 177		
	<b>627 263</b>	<b>448 775</b>	<b>11 105</b>	<b>929</b>
<b>15. REVENUE</b>				
Revenue comprises net invoiced value of clearing and forwarding, shipping and transport services, gross revenue earned from sea freight, chartering, warehousing, depot operations and other ancillary services, interest received and investment income and is analysed as follows:				
Charter hire	1 350 609	877 970		
Freight revenue	1 154 447	630 620		
Net invoiced sales	458 909	413 587		
Interest received	38 129	49 760	568	908
Dividends received			260 151	33 512
Other	10 360	4 481		
	<b>3 012 454</b>	<b>1 976 418</b>	<b>260 719</b>	<b>34 420</b>
<b>16. OPERATING PROFIT BEFORE INTEREST PAID AND TAXATION</b>				
<b>Other income</b>				
Other investment write-up	12 420	45 710		
Foreign exchange gains and losses	–	32 758		
Attributable to exchange rate movement	–	(1 843)		
Realised on repayment of loans/sale of ships	–	34 601		
Sale of tradeable asset	68 623	–		
	<b>81 043</b>	<b>78 468</b>		

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	R000	R000	R000	R000
<b>16. OPERATING PROFIT BEFORE INTEREST PAID AND TAXATION (continued)</b>				
<b>Operating expenses</b>				
Voyage expenses	1 638 109	1 184 593		
Charter hire	1 267 408	871 470		
Fuel	122 696	113 049		
Port expenses	110 120	119 742		
Provision for onerous voyage contracts	50 240	(1 768)		
Reversal of provisions no longer required	(4 151)	–		
Other voyage expenses	91 796	82 100		
Cost of sales	161 173	112 313		
Staff costs	316 648	211 544		
Foreign exchange losses	62 418	–		
Other operating expenses	182 535	161 725	2 524	2 154
	<b>2 360 883</b>	<b>1 670 175</b>	<b>2 524</b>	<b>2 154</b>
<b>Depreciation</b>				
Amortisation				
Leasehold properties	153	174		
Depreciation – owned assets				
Ships	30 866	17 123		
Other	33 318	17 225		
Depreciation – capitalised leased assets				
Ships	10 462	17 425		
Other	2 844	3 153		
	<b>77 643</b>	<b>55 100</b>		
<b>The above costs are arrived at after including:</b>				
Auditors' remuneration				
Audit fees – current year provision	4 034	2 600	27	18
Under/(over) provision in previous year	207	(98)	3	–
Fees for other services	1 049	340		
Expenses	20	20		
	<b>5 310</b>	<b>2 862</b>	<b>30</b>	<b>18</b>
Operating lease rentals				
Land and buildings	42 022	41 021		
Ships	1 267 408	928 563		
Other	11 042	7 347		
	<b>1 320 472</b>	<b>976 931</b>		
Professional fees				
Administrative	1 570	4 313	2	–
Managerial	331	183		
Technical	255	42		
	<b>2 156</b>	<b>4 538</b>	<b>2</b>	<b>–</b>

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	R000	R000	R000	R000
<b>17. NON-TRADING ITEMS</b>				
Amortisation of goodwill and intangible asset	(7 328)	(1 286)		
Impairment of goodwill	(1 014)	–		
Closure of facility	–	(1 696)		
Impairment of investment			(137)	–
Profit on sale of investments	3 499	1 040		
Profit on sale of plant and equipment	506	2 103		
	(4 337)	161	(137)	–
The non-trading items have no effect on taxation or outside shareholders, other than the closure of facility costs in the prior year (2003: R509 000).				
<b>18. NET FINANCE COSTS</b>				
Net interest paid	(100 106)	(116 832)	(2 048)	(1 116)
Interest paid	(102 251)	(129 224)	(2 048)	(1 116)
Interest capitalised	2 145	12 392		
Interest received (included in revenue)	38 129	49 760	568	908
	(61 977)	(67 072)	(1 480)	(208)
<b>19. TAXATION</b>				
<b>South African normal tax</b>				
Current				
On income for the year	(49 088)	(10 014)		
Prior year adjustment	(9 528)	(4 181)		
Deferred				
On income for the year	(1 734)	9 893		
Prior year adjustment	(77)	–		
On STC credits	18 647	–	14 087	–
<b>Foreign tax</b>				
Current				
On income for the year	(881)	(187)		
	(42 661)	(4 489)	14 087	–
<b>Effective rate of taxation</b>	%	%	%	%
Normal rate of taxation	30,0	30,0	30,0	30,0
Adjusted for:				
Current year tax losses (utilised)/not utilised	(1,2)	2,5		
Exempt income	(0,7)	(12,2)	(30,5)	(32,3)
Foreign income taxed at source/exempt	(19,7)	(31,0)		
Non-allowable items	1,0	10,9	0,5	2,3
Deferred tax on STC credits	(3,4)	–	(5,5)	–
Prior year adjustment	1,7	1,9		
Effective rate of taxation	7,7	2,1	(5,5)	–

Subsidiary companies have estimated tax losses of R142 581 000 (2003: R213 462 000) of which R31 041 000 (2003: R15 529 000) has been utilised in the calculation of deferred taxation.

	Group	
	2004	2003
	R000	R000
<b>20. EARNINGS PER SHARE</b>		
Basic earnings per share is based on earnings of,	<b>549 897</b>	239 899
and on the weighted average number of shares in issue for the year (000's)	<b>90 044</b>	95 542
Diluted earnings per share is based on earnings of,	<b>549 897</b>	239 899
and on the diluted weighted average number of shares in issue for the year (000's)	<b>94 630</b>	100 367
Headline earnings per share is based on headline earnings of,	<b>556 802</b>	239 738
and on the weighted average number of shares in issue for the year (000's)	<b>90 044</b>	95 542
Diluted headline earnings per share is based on headline earnings of,	<b>556 802</b>	239 738
and on the diluted weighted average number of shares in issue for the year (000's)	<b>94 630</b>	100 367
Headline earnings reconciliation:		
Profit attributable to ordinary shareholders	<b>549 897</b>	239 899
Adjusted for:		
Amortisation of goodwill and intangible asset	<b>7 328</b>	1 286
Impairment of goodwill	<b>1 014</b>	–
Share of associate company's impairment of goodwill	<b>2 568</b>	–
Facility closure costs	–	1 696
Profit on sale of investments	<b>(3 499)</b>	(1 040)
Profit on sale of plant and equipment	<b>(506)</b>	(2 103)
Headline earnings	<b>556 802</b>	239 738

## 21. CHANGE IN ACCOUNTING POLICY

The group changed the following accounting policy during the current financial year as a result of changes in South African Statements of Generally Accepted Accounting Practice:

### Accounting for deferred taxation on STC credits

The group has adopted statement AC501, Accounting for Secondary Tax on Companies (STC), with effect from 1 January 2004. The group has recognised taxation gains to the extent that it is probable that profits will be available, against which the deductible temporary differences can be utilised.

There was no adjustment to opening accumulated profits and profit attributable to ordinary shareholders in the previous year as a result of this change.

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

## 22. DIRECTORS' EMOLUMENTS AND INTERESTS

The remuneration paid to directors of the company, whilst in office, during the year ended 31 December 2004 is as follows:

	Directors' fees	Committee fees	Basic remuneration	Performance bonus	Retirement medical and other benefits	Share option gains	Total 2004	Total 2003
	R000	R000	R000	R000	R000	R000	R000	R000
<b>Non-executive directors</b>								
W M Grindrod	170	33					203	174
D R D White	80	23					103	90
H Adams	70						70	60
I M Groves	70	57					127	568
J C Hall CBE	70	15					85	72
R A Norton	70	40					110	92
R J H Whitley	70						70	60
<b>From the company</b>							<b>768</b>	1 116
<b>Non-executive directors</b>								
W M Grindrod					172		172	105
I M Groves					35		35	–
<b>Executive directors</b>								
I A J Clark			1 872	1 197	320	3 774	7 163	4 175
J G Jones			1 239	907	410	2 608	5 164	2 962
T J T McClure			1 295	2 696	433	11 233	15 657	3 619
A K Olivier			1 745	1 491	735	4 475	8 446	3 003
D A Rennie			1 196	907	481	2 332	4 916	2 893
A F Stewart			745	594	407	269	2 015	358 <sup>(1)</sup>
L R Stuart-Hill			1 408	927	556	3 272	6 163	3 308
<b>From the subsidiaries</b>							<b>49 731</b>	20 423
<b>Total emoluments</b>							<b>50 499</b>	21 539

<sup>(1)</sup> From date of appointment

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

## 22. DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

Director	Options at 01.01.2004	Options granted during the year	Options exercised during the year	Price at which options exercised (cents)	Options at 31.12.2004	Option price (cents)	Vesting dates	Expiry dates
I A J Clark	60 000		60 000	150				
	23 400		23 400	105				
	160 000		80 000	149	40 000	149	13.12.2005	13.12.2009
					40 000	149	13.12.2006	13.12.2009
	80 000		20 000	150	20 000	150	03.05.2005	03.05.2010
					20 000	150	03.05.2006	03.05.2010
					20 000	150	03.05.2007	03.05.2010
	100 000				20 000	550	25.03.2005	25.03.2012
					20 000	550	25.03.2006	25.03.2012
					20 000	550	25.03.2007	25.03.2012
					20 000	550	25.03.2008	25.03.2012
					20 000	550	25.03.2009	25.03.2012
	200 000				40 000	1 195	26.11.2006	26.11.2013
					40 000	1 195	26.11.2007	26.11.2013
					40 000	1 195	26.11.2008	26.11.2013
					40 000	1 195	26.11.2009	26.11.2013
					40 000	1 195	26.11.2010	26.11.2013
			100 000		20 000	1 900	27.05.2007	27.05.2014
					20 000	1 900	27.05.2008	27.05.2014
				20 000	1 900	27.05.2009	27.05.2014	
				20 000	1 900	27.05.2010	27.05.2014	
				20 000	1 900	27.05.2011	27.05.2014	
J G Jones	60 000		60 000	150				
	80 000		40 000	149	20 000	149	13.12.2005	13.12.2009
					20 000	149	13.12.2006	13.12.2009
	32 000		8 000	150	8 000	150	03.05.2005	03.05.2010
					8 000	150	03.05.2006	03.05.2010
					8 000	150	03.05.2007	03.05.2010
	150 000		30 000	290	30 000	290	01.03.2005	01.03.2011
					30 000	290	01.03.2006	01.03.2011
					30 000	290	01.03.2007	01.03.2011
					30 000	290	01.03.2008	01.03.2011
	150 000				30 000	1 195	26.11.2006	26.11.2013
					30 000	1 195	26.11.2007	26.11.2013
					30 000	1 195	26.11.2008	26.11.2013
				30 000	1 195	26.11.2009	26.11.2013	
				30 000	1 195	26.11.2010	26.11.2013	

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

## 22. DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

Director	Options at 01.01.2004	Options granted during the year	Options exercised during the year	Price at which options exercised (cents)	Options at 31.12.2004	Option price (cents)	Vesting dates	Expiry dates
<b>T J T McClure</b>	510 000		510 000	130				
	190 000		76 000	150	38 000	150	03.05.2005	03.05.2010
					38 000	150	03.05.2006	03.05.2010
					38 000	150	03.05.2007	03.05.2010
	100 000		20 000	290	20 000	290	01.03.2005	01.03.2011
					20 000	290	01.03.2006	01.03.2011
					20 000	290	01.03.2007	01.03.2011
					20 000	290	01.03.2008	01.03.2011
	200 000				40 000	1 195	26.11.2006	26.11.2013
					40 000	1 195	26.11.2007	26.11.2013
					40 000	1 195	26.11.2008	26.11.2013
					40 000	1 195	26.11.2009	26.11.2013
					40 000	1 195	26.11.2010	26.11.2013
<b>A K Olivier</b>	36 800		36 800	176				
	70 000		70 000	170				
	120 000		120 000	150				
	160 000		80 000	149	40 000	149	13.12.2005	13.12.2009
					40 000	149	13.12.2006	13.12.2009
	200 000				40 000	1 195	26.11.2006	26.11.2013
					40 000	1 195	26.11.2007	26.11.2013
					40 000	1 195	26.11.2008	26.11.2013
					40 000	1 195	26.11.2009	26.11.2013
				40 000	1 195	26.11.2010	26.11.2013	
<b>D A Rennie</b>	46 700		46 700	150				
	160 000		40 000	150	40 000	150	03.05.2005	03.05.2010
					40 000	150	03.05.2006	03.05.2010
					40 000	150	03.05.2007	03.05.2010
	250 000		50 000	290	50 000	290	01.03.2005	01.03.2011
					50 000	290	01.03.2006	01.03.2011
					50 000	290	01.03.2007	01.03.2011
					50 000	290	01.03.2008	01.03.2011
	150 000				30 000	1 195	26.11.2006	26.11.2013
					30 000	1 195	26.11.2007	26.11.2013
					30 000	1 195	26.11.2008	26.11.2013
					30 000	1 195	26.11.2009	26.11.2013
					30 000	1 195	26.11.2010	26.11.2013

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

## 22. DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

Director	Options at 01.01.2004	Options granted during the year	Options exercised during the year	Price	Options at 31.12.2004	Option price (cents)	Vesting dates	Expiry dates	
				at which options exercised (cents)					
A F Stewart	130 000		26 000	266	26 000	266	19.01.2005	19.01.2011	
					26 000	266	19.01.2006	19.01.2011	
					26 000	266	19.01.2007	19.01.2011	
	320 000					26 000	266	19.01.2008	19.01.2011
						64 000	552	18.07.2005	18.07.2012
						64 000	552	18.07.2006	18.07.2012
						64 000	552	18.07.2007	18.07.2012
						64 000	552	18.07.2008	18.07.2012
	150 000					64 000	552	18.07.2009	18.07.2012
						30 000	1 195	26.11.2006	26.11.2013
						30 000	1 195	26.11.2007	26.11.2013
						30 000	1 195	26.11.2008	26.11.2013
						30 000	1 195	26.11.2009	26.11.2013
					30 000	1 195	26.11.2010	26.11.2013	
					30 000	1 195	26.11.2010	26.11.2013	
L R Stuart-Hill	96 600		95 700	130	900	130	20.11.1998	20.11.2008	
					60 000				
	80 000		40 000	149		20 000	149	13.12.2005	13.12.2009
						20 000	149	13.12.2006	13.12.2009
	40 000		10 000	150		10 000	150	03.05.2005	03.05.2010
						10 000	150	03.05.2006	03.05.2010
						10 000	150	03.05.2007	03.05.2010
	50 000		10 000	290		10 000	290	01.03.2005	01.03.2011
						10 000	290	01.03.2006	01.03.2011
						10 000	290	01.03.2007	01.03.2011
						10 000	290	01.03.2008	01.03.2011
	200 000					40 000	1 195	26.11.2006	26.11.2013
						40 000	1 195	26.11.2007	26.11.2013
					40 000	1 195	26.11.2008	26.11.2013	
					40 000	1 195	26.11.2009	26.11.2013	
					40 000	1 195	26.11.2010	26.11.2013	
	4 415 500	100 000	1 612 600		2 902 900				

No share options have been granted to non-executive directors.

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group	
	2004	2003
	R000	R000
<b>23. CAPITAL COMMITMENTS</b>		
Authorised and contracted for	<b>813 238</b>	865 742
Due within one year	<b>249 338</b>	429 200
Due thereafter		
– 2006	<b>184 202</b>	182 562
– 2007	<b>157 031</b>	149 201
– 2008 and thereafter	<b>222 667</b>	104 779
Authorised and not contracted for	<b>428 939</b>	12 658
The expenditure will be financed out of group cash resources and loan funds to be negotiated.		

## 24. CONTINGENT LIABILITIES

### Company

The company has guaranteed loans and facilities of subsidiaries amounting to R931 214 000 (2003: R977 154 000) of which R566 391 000 (2003: R741 995 000) had been utilised at year end.

The company has guaranteed charter hire payments of a subsidiary amounting to R179 298 000 (2003: R328 800 000). The charter hire payments are due by the subsidiary in equal amounts from years 2005 to 2008.

In addition, the company has guaranteed the liabilities of a subsidiary amounting to R230 000 000 (2003: R138 535 000).

	2004	2004
	Year end	Average
	rates	rates
<b>25. FOREIGN CURRENCY DENOMINATED ITEMS</b>		
All foreign currency denominated items are translated in terms of the group's policies.		
At 31 December 2004 exchange rates used on conversion were:		
US Dollar	<b>5,65</b>	<b>6,47</b>
Euro	<b>7,71</b>	<b>7,70</b>
Pound Sterling	<b>10,91</b>	<b>11,08</b>
Swedish Kroner	<b>1,18</b>	<b>1,15</b>
Australian Dollar	<b>4,35</b>	<b>4,76</b>
Danish Kroner	<b>0,97</b>	<b>0,93</b>
Japanese Yen	<b>0,05</b>	<b>0,06</b>

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

1 year	2 - 5 years	>5 years	Group
R000	R000	R000	R000

## 26. LEASES AND SHIPCHARTERS

### 26.1 Operating leases and shipcharters

#### 26.1.1 Receivables

The minimum future lease and charter payments receivable under non-cancellable operating leases and charters are as follows:

2004				
Land and buildings	7 862	24 490	6 047	38 399
Ships	354 881	300 115	–	654 996
Other	1 770	–	–	1 770
	<b>364 513</b>	<b>324 605</b>	<b>6 047</b>	<b>695 165</b>
2003				
Land and buildings	4 256	3 517	–	7 773
Ships	355 908	196 439	46 626	598 973
Other	2 825	2 024	–	4 849
	<b>362 989</b>	<b>201 980</b>	<b>46 626</b>	<b>611 595</b>

#### 26.1.2 Payables

The minimum future lease and charter payments payable under non-cancellable operating leases and charters are as follows:

2004				
Land and buildings	39 354	96 433	39 030	174 817
Ships	487 075	1 586 925	704 873	2 778 873
Other	9 318	12 746	–	22 064
	<b>535 747</b>	<b>1 696 104</b>	<b>743 903</b>	<b>2 975 754</b>
2003				
Land and buildings	34 000	106 659	32 851	173 510
Ships	558 344	1 746 517	390 796	2 695 657
Other	6 009	6 013	51	12 073
	<b>598 353</b>	<b>1 859 189</b>	<b>423 698</b>	<b>2 881 240</b>

The group has the option to extend the ship charters at predetermined rates in respect of certain ships. In addition the group has the option to acquire certain ships at predetermined prices.

The group has an option to acquire certain land and buildings for R10 000 000 in 2013.

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	1 year	2 - 5 years	>5 years	Group
	R000	R000	R000	R000

## 26. LEASES AND SHIPCHARTERS *(continued)*

### 26.2 Finance leases

#### 26.2.1 Assets

Included in other investments were capitalised finance lease receivables. These amounts were paid in 2004 and there are no further amounts due.

2003

Future minimum lease receipts	21 731	–	–	21 731
Future interest	(314)	–	–	(314)
Present value of future minimum lease receipts	21 417	–	–	21 417

#### 26.2.2 Liabilities

Included in interest bearing borrowings are capitalised finance lease liabilities in respect of ships and equipment in favour of various local finance institutions, details of which are as follows:

**2004**

Future minimum lease payments	<b>30 257</b>	<b>101 162</b>	–	<b>131 419</b>
Future interest	<b>(8 843)</b>	<b>(6 775)</b>	–	<b>(15 618)</b>
Present value of future minimum lease payments	<b>21 414</b>	<b>94 387</b>	–	<b>115 801</b>

2003

Future minimum lease payments	26 941	120 377	–	147 318
Future interest	(9 228)	(14 034)	–	(23 262)
Present value of future minimum lease payments	17 713	106 343	–	124 056

Details relating to redemption dates, interest rates and assets encumbered are set out in the schedule of loan funds.

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group	
	2004	2003
	R000	R000
<b>27. JOINT VENTURE INTERESTS</b>		
The group has joint venture interests in the following companies:		
Auto Carrier Transport (Pty) Limited                      Auto logistics	<b>50%</b>	50%
Boltt Grindrod (Pty) Limited                                      Furniture transportation and warehousing	<b>50%</b>	–
CMC Grindrod (Pty) Limited                                        Container husbandry	<b>50%</b>	50%
Grindrod J&J Holdings (Pty) Limited                              Warehousing and distribution	<b>50%</b>	50%
Handyventure Limited    Shipowning and operating	<b>50%</b>	50%
Island Trading and Shipping Pte. Limited                      Bulk shipping	<b>50%</b>	50%
Kusasa Logistics (Pty) Limited                                    Bulk logistics	<b>50%</b>	50%
Petrochemical Shipping Limited                                  Shipowning	<b>50%</b>	50%
Southern Tankers (Pty) Limited*	–	50%
Uniheid joint venture    Ship operating	<b>50%</b>	50%
* The additional 50% of Southern Tankers (Pty) Limited was acquired during the year.		
The group's proportionate interest in the joint ventures has been incorporated into the group's results, cash flow, assets and liabilities as follows:		
<b>Income statement</b>		
Revenue	<b>486 287</b>	308 411
Operating profit before interest and taxation	<b>90 303</b>	41 157
Net interest paid	<b>(13 057)</b>	(6 822)
Taxation	<b>(6 337)</b>	(1 831)
Net profit after taxation	<b>70 909</b>	32 504
<b>Cash flow</b>		
Cash inflow from operating activities	<b>65 453</b>	31 994
Cash outflow from investing activities	<b>(40 243)</b>	(27 765)
Cash inflow from financing activities	<b>11 604</b>	7 676
Net cash inflow	<b>36 814</b>	11 905
<b>Balance sheet</b>		
Non-current assets	<b>259 043</b>	228 116
Current assets	<b>137 172</b>	76 560
Non-current liabilities	<b>(150 874)</b>	(71 163)
Current liabilities	<b>(120 062)</b>	(163 967)
Net assets	<b>125 279</b>	69 546
Total liabilities comprise:		
Interest bearing liabilities	<b>(188 532)</b>	(88 630)
Non-interest bearing liabilities	<b>(82 404)</b>	(146 500)

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	R000	R000	R000	R000
<b>28. CASH FLOW</b>				
<b>28.1 Reconciliation of operating profit before interest paid and taxation to cash generated from operations</b>				
Operating profit before interest paid and taxation	654 971	329 611	258 195	32 266
Adjustments for:				
Depreciation	77 643	55 100		
Loss on sale of ships	–	8 766		
Dividends received			(260 151)	(33 512)
Interest received	(38 129)	(49 760)	(568)	(908)
Non-cash foreign exchange losses/(gains)	12 472	(22 591)		
Other investment write-up	(12 420)	(45 710)		
Foreign exchange gains realised on repayment on loans/sale of ships	–	(34 601)		
Non-cash provisions/other	43 659	699		
Operating profit/(loss) before working capital changes	738 196	241 514	(2 524)	(2 154)
Working capital changes				
(Increase)/decrease in inventories	(10 638)	15 771		
(Increase)/decrease in trade and other receivables	(54 923)	(2 406)	1 184	(1 184)
Increase/(decrease) in trade and other payables	90 782	(15 579)	(422)	440
Cash generated from/(absorbed by) operations	763 417	239 300	(1 762)	(2 898)
<b>28.2 Dividends paid</b>				
Dividends paid by company	(81 960)	(47 085)	(81 960)	(47 085)
Less treasury share dividends	–	5 020		
	(81 960)	(42 065)	(81 960)	(47 085)
<b>28.3 Ships, property, plant and equipment acquired</b>				
Additions per ships, property, plant and equipment note	(803 218)	(360 092)		
Less ships, property, plant and equipment acquired on acquisition of subsidiaries	83 242	117 637		
Less embedded derivative adjustment on ship construction contracts	235 130	26 731		
Add settlement of forward exchange contracts for ships	(74 117)	(43 190)		
Add portion of ship under construction to be funded by 50% joint venture partner	–	(31 859)		
Cash flow on acquisition of ships, property, plant and equipment	(558 963)	(290 773)		

# NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	R000	R000	R000	R000
<b>28. CASH FLOW</b> (continued)				
<b>28.4 Acquisition of subsidiaries and joint ventures</b>				
During the year the group acquired additional interests in subsidiaries and joint ventures as follows:				
Ships, property, plant and equipment	(83 242)	(117 637)		
Working capital	13 791	(1 362)		
Cash and bank	(8 755)	(1 976)		
Long term liabilities	78 496	82 195		
Outside shareholders' interest	(33)	3 933		
Deferred taxation	(533)	2 203		
Tax liabilities	1 106	106		
Goodwill	(13 747)	(3 281)	–	(79)
Total purchase price	(12 917)	(35 819)	–	(79)
Less cash and cash equivalents	8 755	1 976		
Cash flow on acquisition net of cash acquired	(4 162)	(33 843)	–	(79)
<b>28.5 Proportional consolidation of joint venture</b>				
The group proportionally consolidated the Handyventure Limited joint venture with effect from 1 January 2003. The assets and liabilities at that date were as follows:				
Ships, property, plant and equipment	–	86 762		
Working capital	–	(298)		
Cash and bank	–	2 183		
Long term liabilities	–	(64 509)		
Goodwill	–	1 075		
Net assets proportionally consolidated	–	25 213		
Cost of investment previously recorded	–	(25 213)		
Net cash flow	–	–		
<b>28.6 Cash and cash equivalents</b>				
Cash and cash equivalents included in the cash flow comprise the following balance sheet amounts:				
Bank balances and cash	345 655	244 994	1 999	74 628
Bank overdrafts	(88 358)	(55 844)		
	257 297	189 150	1 999	74 628

## 29. RELATED PARTY TRANSACTIONS

During the year the group in the ordinary course of business entered into various transactions with associate and joint venture companies. These transactions occurred under terms that are no more or less favourable than those arranged with third party companies. Details of the material transactions are set out below.

### **Associates**

Details of material investments in associates are set out in note 4. Dividends received from associate companies amounted to R21 344 000 (2003: R12 508 000).

During the year a joint venture company supplied bunker fuel to an associate company amounting to R45 180 000 (2003: R43 367 000). This joint venture company became a subsidiary during the year.

### **Joint ventures**

Details of interests in joint ventures are set out in note 27. The group provides ship management services to the Petrochemical Shipping Limited joint venture. Ship management fees charged to the joint venture in the current year amounted to R1 294 000 (2003: R1 512 441).

### **Subsidiaries**

Details of investments in subsidiaries are set out in note 3 and in the schedule of interest in subsidiaries on page 76. The company received dividends of R254 779 460 (2003: R27 734 000) from subsidiaries in the current year.

### **Directors**

Details of directors' interests in the company and directors' emoluments are set out in the directors' report and note 22 respectively.

### **Shareholders**

The principal shareholders of the company are detailed in the share analysis schedule.

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# LOAN FUNDS year ended 31 December 2004

	Current Date of redemption	rate of interest %	Deter- mination of interest rate	2004		2003	
				R000	US\$000	R000	US\$00
<b>SECURED</b>							
<b>Foreign currency financing</b>							
Loans secured by mortgage bonds over ships							
Repayable in semi-annual instalments	05/2008	3,61	Libor + 1,05%	34 889	6 175	45 318	6 825
Repayable in quarterly instalments	05/2009	3,81	Libor + 1,25%	54 268	9 605	70 737	10 598
Repayable in quarterly instalments	03/2014	3,56	Libor + 1,00%	113 718	20 127		
Repayable in quarterly instalments	06/2014	3,56	Libor + 1,00%	60 331	10 678		
Repayable in quarterly instalments	12/2014	3,56	Libor + 1,00%	57 726	10 217		
<b>Local financing</b>							
Loan secured by mortgage bond over ships							
Repayable in quarterly instalments	05/2009	9,32	Jibar + 1,85%	104 401		116 002	
Capitalised finance leases secured by ship							
Repayable in semi-annual instalments	12/2007	8,72	Jibar + 1,25%	101 282		113 620	
Loans secured by mortgage bond over property, plant and equipment							
Repayable in quarterly instalments	09/2009	11,04	Fixed	36 137		41 076	
Repayable in quarterly instalments	12/2009	9,72	Jibar + 2,25%	32 889		36 905	
Repayable in quarterly instalments	12/2010	10,27	Jibar + 2,80%	37 588		41 891	
Other capitalised finance leases and loans secured by plant and equipment							
				79 540		55 092	
Repaid during 2004							
				–		20 483	
<b>Aggregate secured loans</b>				<b>712 769</b>		541 124	
Amount repayable within one year				<b>92 396</b>		81 970	
<b>Security</b>							
Net book values of assets encumbered to secure loans are as follows:							
				<b>1 346 716</b>		733 680	
Ships				<b>1 131 588</b>		534 437	
Land and buildings				<b>65 776</b>		57 189	
Equipment, plant and vehicles				<b>149 352</b>		142 054	
<b>UNSECURED</b>							
Promissory notes	01/2005	8,78	Jibar + 1,31%	20 000		20 000	
Bank loan repayable in single instalment	04/2008	10,00	Prime - 1,00%	40 000			
<b>Aggregate unsecured loans</b>				<b>60 000</b>		20 000	
Amount repayable within one year				<b>20 000</b>			
<b>AGGREGATE LOANS</b>				<b>772 769</b>		561 124	
Aggregate amount repayable within one year				<b>(112 396)</b>		(81 970)	
<b>Net long term borrowings</b>				<b>660 373</b>		479 154	

# INTEREST IN SUBSIDIARIES year ended 31 December 2004

	Nature of business	Share capital		Effective holding		Book value of investments		Loan to subsidiary	
		2004 R000	2003 R000	2004 %	2003 %	2004 R000	2003 R000	2004 R000	2003 R000
<b>Incorporated in South Africa</b>									
Grindrod Freight Investments (Pty) Limited	F	1 158	1 158	100	100	35 900	35 900	–	7 018
Grindrod Management Services (Pty) Limited	G	–	–	100	100	–	–	41 214	–
Grindrod & Company (Pty) Limited	D	67	67	100	100	9 164	9 164	–	–
Grindrod International Travel (Pty) Limited	T	43	43	100	100	1 432	1 432	–	–
Grindrod Property Leasing (Pty) Limited	G	–	–	100	100	–	–	–	–
Grincor Shipping Holdings Limited	G	23	23	100	100	144 450	144 450	–	–
Grincor Shipping Services (Pty) Limited	S	–	–	100	100	–	–	21	21
Island View Shipping (Pty) Limited	S	5	5	100	100	5 000	5 000	–	–
ISS-Voigt Shipping (Pty) Limited	F	10 000	10 000	100	100	–	–	–	–
Seasure Insurance Brokers (Pty) Limited	I	–	–	100	100	–	3	–	–
Southern Tankers (Pty) Limited	S	10	5	100	50	7 521	–	3 085	–
Unicorn Shipping (Pty) Limited	S	204	204	100	100	82 050	82 050	–	–
Unicorn Shipping Holdings Limited	S	1 500	1 500	100	100	156 534	185 148	–	–
Unicorn Shipping Operations (Pty) Limited	S	–	–	100	100	–	–	–	8 219
<b>Incorporated in United Kingdom</b>									
Grincor Shipping UK Limited (deregistered 2004)	G	–	5	–	100	–	112	–	–
<b>Incorporated in British Virgin Islands</b>									
Swallow Enterprises Incorporated	G	415	415	100	100	415	415	5 992	5 481
<b>Incorporated in Isle of Man</b>									
Grindrod International Limited	S	–	–	100	–	149 297	–	–	–
<b>Interest in subsidiaries (note 3)</b>						<b>591 763</b>	<b>463 674</b>	<b>50 312</b>	<b>20 739</b>

\* Nature of business

D – Dormant

F – Freight and financial services

G – Group and property services

I – Insurance

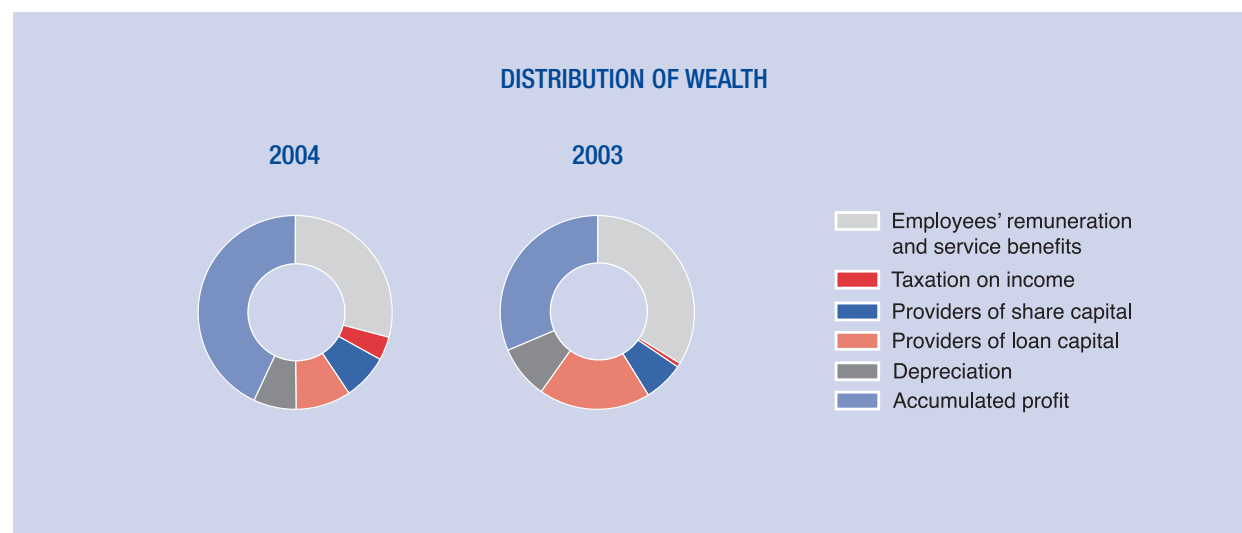
S – Shipping services

T – Travel

# VALUE ADDED STATEMENT year ended 31 December 2004

	Group			
	2004		2003	
	R000	%	R000	%
Revenue	3 012 454		1 976 418	
Net cost of services	(1 921 162)		(1 348 715)	
Value added by operations	1 091 292		627 703	
Non-trading items	(4 337)		161	
<b>Total value added</b>	<b>1 086 955</b>		<b>627 864</b>	
<b>Applied as follows</b>				
Employees' remuneration and service benefits	316 648	29,1	211 544	33,7
Taxation on income	42 661	3,9	4 489	0,7
Providers of share capital	81 960	7,6	42 065	6,7
Providers of loan capital	100 106	9,2	116 832	18,6
Reinvested in the business				
Depreciation	77 643	7,1	55 100	8,8
Accumulated profit	467 937	43,1	197 834	31,5

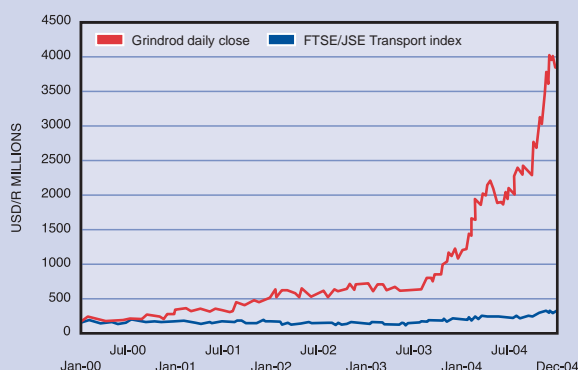
This statement represents the wealth created by adding value to the group's cost of services and shows how this wealth has been distributed.



# SHARE PERFORMANCE JSE Securities Exchange South Africa

	2004		2003		2002		2001		2000	
	"N"		"N"		"N"		"N"		"N"	
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
Market price per share (cents)										
Opening	1 190	1 200	700	620	512	500	305	290	155	154
Year end	3 950	–	1 190	1 200	700	620	512	500	305	290
Highest	4 000	–	1 200	1 200	700	675	512	515	305	290
Lowest	1 190	–	615	591	510	480	290	260	140	130
Number of shares (000's)	90 922	–	35 032	61 105	35 017	59 480	37 850	61 479	41 459	72 711
– in issue	90 922	–	35 032	61 105	41 649	64 255	41 515	69 222	41 459	72 711
– treasury	–	–	–	–	(6 632)	(4 775)	(3 665)	(7 743)	–	–
Number of transactions recorded	10 973	–	226	1 169	287	1 314	306	1 000	339	572
Number of shares traded (000's)	41 231	–	9 842	7 689	3 767	13 206	6 162	27 682	1 910	6 381
Volume of shares traded as % of total issued shares	45,3	–	28,1	12,6	9,0	20,6	14,8	40,0	4,6	8,9
Value of shares traded (R000)	995 310	–	108 676	65 123	23 496	75 405	22 845	103 301	3 822	11 270
Market capitalisation (Rm)	3 591,4		1 150,1		689,9		558,6		337,3	
PE Ratio	6,4		4,7		4,0		4,2		4,7	
Dividend yield	4,4		5,0		5,7		5,5		6,6	
Earnings yield	15,7		21,1		25,0		23,9		21,5	

**GRINDROD SHARE PRICE VS FTSE/JSE TRANSPORT INDEX**  
 Daily closing values, five years from January 2000 to December 2004  
 FTSE/JSE Transport index scaled to Grindrod share price



Source: ProfileData

# SHARE ANALYSIS at 31 December 2004

	Number of shareholders	% of shareholders	Number of shares	% of shares
<b>SHAREHOLDER SPREAD</b>				
1 – 5 000 shares	4 181	82,9	5 330 791	5,9
5 001 – 10 000 shares	356	7,1	2 815 845	3,1
10 001 – 50 000 shares	339	6,7	7 684 158	8,4
50 001 – 100 000 shares	67	1,3	4 750 506	5,2
Over 100 000 shares	103	2,0	70 340 252	77,4
	5 046	100,0	90 921 552	100,0
<b>Non-public shareholders</b>				
– directors	11	0,2	23 202 811	25,5
– directors' associates	12	0,2	1 885 592	2,1
Public shareholders	5 023	99,6	65 833 149	72,4
	5 046	100,0	90 921 552	100,0
<b>DISTRIBUTION OF SHAREHOLDERS</b>				
Banks	43	0,9	3 950 724	4,3
Pension funds	61	1,2	4 566 753	5,0
Growth funds and unit trusts	181	3,6	19 499 359	21,4
Nominee companies and trusts	626	12,4	5 227 541	5,8
Investment companies	13	0,3	2 968 110	3,3
Public companies	6	0,1	152 901	0,2
Proprietary companies	203	4,0	31 506 096	34,7
Other corporate bodies	72	1,4	298 494	0,3
Close corporations	125	2,5	809 748	0,9
Individuals	3 716	73,6	21 941 826	24,1
	5 046	100,0	90 921 552	100,0
<b>SHAREHOLDINGS IN EXCESS OF 5% OF ISSUED SHARES (WITH NOMINEE SHAREHOLDERS IN EXCESS OF 5% BLOCKED)</b>				
Standard Bank Nominees (Tvl) (Pty) Limited			25 019 637	27,5
Agulhas Nominees (Pty) Limited			26 576 119	29,2
Grindrod Investments (Pty) Limited			21 586 690	23,7
Old Mutual Holdings Limited			9 179 540	10,1
Old Mutual Life Assurance Co. (SA) Limited			9 179 540	10,1
BNS Nominees (Pty) Limited			9 130 148	10,0
			69 905 444	76,8

# CORPORATE INFORMATION

## GRINDROD LIMITED

(Registration number 1966/009846/06)

### Company secretary

C A S Robertson – FCIS

### Registered office and business address

Quadrant House  
115 Victoria Embankment  
Durban  
4001

### Postal address

PO Box 1  
Durban  
4000

### Telecommunication/electronic addresses

Telephone +27 (31) 304 1451  
Facsimile +27 (31) 305 2848  
E-mail grindrod@grindrod.co.za  
Website www.grindrod.co.za  
Investor relations craigr@grindrod.co.za

## AUDITORS

Deloitte & Touche – Local and Foreign Operations  
Moore Stephens – Foreign Operations

## TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Limited  
70 Marshall Street  
Johannesburg  
2001

### Postal address

PO Box 61051  
Marshalltown  
2107

### Telecommunication

Telephone +27 (11) 370 5000  
Facsimile +27 (11) 370 5271/2

## BANKERS TO THE GROUP

### Local

ABSA Bank Limited  
First National Bank of Southern Africa Limited  
Investec Bank Limited  
Nedbank Limited  
The Standard Bank of South Africa Limited

### Foreign

Credit Agricole Indosuez  
Royal Bank of Scotland  
Hong Kong & Shanghai Banking Corporation

## ATTORNEYS

Garlicke & Bousfield Incorporated

## SPONSORS

Exchange Sponsors (Pty) Limited  
Hyde Park Manor  
South Block  
79 Hyde Lane  
Hyde Park

### Postal address

PO Box 783676  
Sandton  
2146

### Telecommunication

Telephone +27 (11) 537 3800  
Facsimile +27 (11) 327 3003

# SHAREHOLDERS' DIARY FOR 2005

Financial year end 31 December  
Annual general meeting 25 May

Notice of annual general meeting and form of proxy  
are included in a separate document with the annual report

### Reports and profit statements

Results and dividend announcement for the year February  
Annual report and financial statements April  
Interim report August

### Dividends

Final March  
Interim September

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# TERMS AND EXPRESSIONS

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## **BAREBOAT CHARTER**

Charterparty where the charterer hires a ship without crew and the charterer takes responsibility for the ship maintenance, crewing and insurance as though the vessel was owned by the charterer

## **BREAKBULK**

Dry, loose cargo

## **BULK CARRIER**

Ship designed to carry dry, loose cargoes in bulk

## **CAPE SIZE BULK CARRIER**

Bulk carrier between 130 000 and 180 000 dwt

## **CHARTER**

Hiring out of a ship by a shipowner

## **CHARTERER**

Hirer of a ship

## **CHARTERPARTY**

Agreement to hire a ship

## **CHEMICAL TANKERS**

A tanker, usually not larger than 40 000 dwt, designed to carry numerous bulk liquid chemical products, often in stainless steel tanks

## **CONTAINER SHIP**

Ship designed to carry containerised cargo

## **DEADWEIGHT OR DWT**

The greatest weight of cargo, stores and all other consumables on the ship that a ship can carry expressed in metric tonnes

## **HANDYSIZE BULK CARRIER**

Bulk carrier between 22 000 and 38 000 dwt

## **LINER SHIPPING OPERATORS**

Operators who trade ships according to a schedule between specified ports

## **OFF-HIRE**

When a ship is temporarily out of operation in accordance with the terms of the relevant charterparty with a loss of agreed hire as a result (downtime)

## **OPERATOR**

The holder of a freight contract with a cargo shipper

## **PANAMAX BULK CARRIER**

Bulk carrier with a maximum beam of 32.2 metres and of between 60 000 and 75 000 dwt

## **PRODUCTS TANKER**

A tanker designed to carry refined petroleum products in bulk in multiple tanks

## **SHIPPING POOL**

An organised group of ship owners and/or charterers where there is a pooling of resources for the purpose of flexible and commercial operation of ships

## **TECHNICAL MANAGEMENT**

Management of the marine operations maintenance, crewing, storing and insurance of the ship

## **TIME CHARTER**

Charterparty where the charterer hires a ship which is crewed, maintained and ready for operation for an agreed time period

## **TEU (TWENTY FOOT EQUIVALENT UNIT)**

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