Directors' Responsibility for Financial Reporting

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 International Financial Reporting Standards (IFRS). The group's independent external auditors, Deloitte & Touche, have audited the annual financial statements and their unqualified report appears on page 56.

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, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material mis-statement 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 57 to 111 were approved by the board of directors on 22 February 2006 and are signed on their behalf by:

W M Grindrod
Chairman

I A J Clark
Chief executive officer

Company Secretary's Certificate

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
Company Secretary

Durban
22 February 2006

Report of the Independent Auditors

TO THE MEMBERS OF GRINDROD LIMITED

We have audited the annual financial statements and group annual financial statements set out on pages 57 to 111 for the year ended 31 December 2005. 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.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group at 31 December 2005 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)

Durban
22 February 2006

Directors' Report

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 2005.

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 R851,2 million (2004: R546,2 million) which represents earnings per share of 185,7 cents (2004: 121,3 cents). All comparative information has been restated for the impact of the subdivision of shares, the adoption of IFRS, IAS 39 and IAS 17.

Share Capital

Details of the authorised and issued shares are shown on page 87 and the share analysis is shown on pages 114 to 116. The directors propose that the authority granted to them to control the unissued shares and to issue new shares for cash be renewed.

At a general meeting held on 27 July 2005, shareholders approved the creation of 7 500 000 cumulative, non-redeemable, non-participating, non-convertible preference shares with a par value of 0,031 cent each. 5 000 000 of these shares were issued on 22 August 2005 at R100 per share.

The directors also obtained approval from shareholders at a general meeting held on 19 October 2005 to subdivide the ordinary share on a 5 for 1 basis. The subdivision was effective as at 31 October 2005 when the number of ordinary shares increased from 92 181 852 to 460 909 260.

During the year, pursuant to the authority granted to directors at the annual general meeting held on 25 May 2005, the group repurchased 183 050 ordinary shares in the company at an average price of R12,19 per share totalling R2,23 million. These shares were cancelled and restored to the status of authorised share capital.

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

The issued share capital increased by 7 018 450 shares as a result of the allotment and issue of new shares in terms of the Grindrod Limited share option scheme offset by the repurchase and cancellation of shares.

Subsequent to the end of the financial year, on 17 February 2006 the remaining 2 500 000 preference shares were issued at R110,54 per share, inclusive of the unearned dividend income.

Share Option Scheme

Grindrod has a share option scheme as an incentive to the senior executive employees of the group. At the annual general meeting in May 2005 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 which are reserved for the scheme, together with the shares under option, is 90 000 000. These shares represent 3,3% of the authorised share capital and approximately 19,5% of the issued share capital as at 31 December 2005.

During the year, 4 000 000 options were granted at 1251 cents per ordinary share.

Directors' Report (continued)

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 69 650 000 shares (equivalent to 15,1% of the issued share capital). Options in respect of 43 350 000 shares have been exercised and issued, leaving 26 300 000 shares (equivalent to 5,7% of the issued share capital) still under option in terms of the scheme at 31 December 2005. The options are exercisable at the market prices ruling on the dates the options were granted and vary from 30 cents to 1251 cents per ordinary share and at varying dates before November 2015.

7 201 500 ordinary shares were allotted during the year in terms of the scheme for a consideration of R3 453 022.

Details of share options granted but not exercised are:

Date option granted	Expiry date	Number of ordinary shares	Subscription price (cents)
13.12.1999	13.12.2009	860 000	30
03.05.2000	03.05.2010	1 160 000	30
23.11.2000	23.11.2010	1 500 000	48
19.01.2001	19.01.2011	390 000	53
01.03.2001	01.03.2011	6 830 000	58
01.08.2001	01.08.2011	510 000	61
25.03.2002	25.03.2012	1 520 000	110
18.07.2002	18.07.2012	1 280 000	110
04.02.2003	04.02.2013	1 500 000	128
26.11.2003	26.11.2013	6 250 000	239
27.05.2004	27.05.2014	500 000	380
23.11.2005	23.11.2015	4 000 000	1 251
		26 300 000	

The number of ordinary shares and subscription price have been restated to give effect to the subdivision for comparison purposes.

Subsidiary Companies

Information on subsidiary and associate companies is contained on pages 111 and 80 respectively. Reviews of the businesses and performance of the main operating subsidiary companies are covered in the operational reviews on pages 21 to 35.

Special Resolutions

A renewal of authority for the company or its subsidiaries to repurchase its own shares was obtained at the 2005 annual general meeting.

There have been no special resolutions other than those referred to in this report 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 13.

Directors' Interests in the Company

At 31 December 2005, directors held ordinary shares in the company as set out below:

The ordinary shareholdings of directors in respect of 2004 have been restated to give effect to the 5 for 1 subdivision for comparison purposes.

	2005				2004			
	Beneficial		Non-Beneficial		Beneficial		Non-Beneficial	
Director	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
W M Grindrod (1)		*76 249 559		2 135 000		76 249 065		2 135 000
D R D White	50 000			28 345	50 000			28 345
I A J Clark	3 717 000	12 188 045			3 950 500	16 554 545		
S M Gounden		100						
I M Groves (2)		*5 450 000				5 534 000		
J G Jones		100 000						
T J T McClure (3)		*3 330 000				3 040 000		
A K Olivier		2 953 250		1 000		4 603 250		
D A Rennie (4)		*1 070 000				1 120 000		
A F Stewart		260 000				130 000		
L R Stuart-Hill		2 087 195				4 632 695		
R J H Whitley				2 866 425				2 866 425
Aggregate	3 767 000	103 688 149		5 030 770	4 000 500	111 863 555		5 029 770

* Zero cost collar options have been entered into in respect of the following shares included in the above shareholdings:

		Put Strike (R)	Call Strike (R)	
(1)	3 333 335	9,51	22,07	Expiry date 31 August 2009
	3 333 335	9,83	20,98	Expiry date 30 October 2009
	3 333 330	10,16	19,89	Expiry date 30 December 2009
(2)	750 000	10,61	13,19	Expiry date 30 September 2007
	500 000	12,50	15,53	Expiry date 23 November 2007
	1 000 000	14,15	16,77	Expiry date 23 November 2007
(3)	1 000 000	10,82	13,42	Expiry date 12 September 2007
	750 000	11,12	13,79	Expiry date 1 October 2007
	750 000	11,12	16,12	Expiry date 30 September 2008
(4)	1 000 000	10,83	13,28	Expiry date 22 September 2007

At 31 December 2005, directors held preference shares in the company as set out below:

	2005			
	Beneficial		Non-Beneficial	
Director	Direct	Indirect	Direct	Indirect
W M Grindrod		100 000		
I A J Clark		491 500		
I M Groves		15 000		
J G Jones		10 000		
A K Olivier		8 500		
D A Rennie		10 000		
Aggregate		635 000		

These ordinary and preference shareholdings were unchanged at 22 February 2006.

Directors' Report (continued)

Dividends

The directors have declared a final dividend of 32 cents per ordinary share (2004: 25 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 (cents)	Amount R000
Interim	26.07.2005	20.08.2005	23.08.2005	27.08.2005	30.08.2005	20	92 182
Final	22.02.2006	10.03.2006	13.03.2006	17.03.2006	20.03.2006	32	148 613

The directors have also declared a dividend of R3,038 per preference share (2004: nil) which will be paid on the same day as the final ordinary dividend referred to above.

Holding Company

Grindrod Limited had no holding company at 31 December 2005.

Subsequent Events

No material change has taken place in the affairs of the group between the end of the financial year and the date of this report apart from the further issue of preference shares referred to earlier in this report.

Accounting Policies

The financial statements were prepared in accordance with IFRS for the first time. The disclosures required by IFRS 1 concerning the transition from SA GAAP to IFRS are set out on pages 73 to 77. The principal accounting policies adopted are set out below:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) acquired up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of the acquired entity so as to obtain benefits from its activities.

The assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired, such as a discount on acquisition, is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the group.

All material inter-company balances and transactions are eliminated.

Associate Companies

The consolidated financial statements incorporate the assets, liabilities, income and expenses of associates using the equity method of accounting from the acquisition date to the disposal date, except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments. Losses of associates in excess of the group's interest are not recognised unless there is a binding obligation to contribute to the losses.

Goodwill arising on the acquisition of associates is accounted for in accordance with the accounting policy for goodwill as set out below, but is included in the carrying amount of the associate.

Where a group entity transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate.

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 reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale and discontinued operations. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

Accounting Policies (continued)

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 subsidiaries are included in non-distributable reserves. 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 funding is repaid.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the balance sheet date.

Gains and losses arising on exchange differences are recognised in profit or loss.

Deferred Taxation

Deferred tax is recognised using the balance sheet liability method for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the balance sheet date.

A deferred tax asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits, including unused credits for secondary tax on dividends. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

Ships, Property, Plant and Equipment

Ships are reflected at their effective net cost after all financing arrangements have been concluded. The useful life of a ship ranges from 25 to 30 years. Ships are depreciated on a straight-line basis to an estimated residual value over its useful life to the group. 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 over their estimated useful lives to estimated residual values, on a straight-line basis as follows:

Aircraft	5 years
Locomotives	15 years
Plant and machinery	5 – 20 years
Information technology equipment	3 – 5 years
Vehicles	3 – 10 years

Depreciation commences when the assets are ready for their intended use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

Freehold land is reflected at cost and is not depreciated. 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

Classification
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In the capacity of a lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

In the capacity of a lessee
Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Impairment of Assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount, is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit, is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Accounting Policies (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit, is increased to the revised estimate of its recoverable amount, in order that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit, in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible Assets

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous SA GAAP amounts subject to being tested for impairment at that date.

If, on a business combination, the fair value of the group's interest in the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, this excess is recognised in profit or loss immediately. For business combinations for which the agreement date was before 31 March 2004, this was called negative goodwill and presented as a negative asset. This amount has since been transferred to retained income on 1 January 2004.

Other intangible assets
Intangible assets are initially recognised at cost if acquired separately or internally generated, or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, it is not amortised but tested for impairment annually and impaired if necessary. If assessed as having a finite useful life, it is amortised over their useful lives using a straight-line basis, and tested for impairment if there is an indication that they may be impaired.

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.

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

Agricultural and other commodities are valued at fair value less costs to sell. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

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. Results of uncompleted voyages are included based on estimated voyage result and voyage time elapsed.

Anticipated exceptional losses on uncompleted voyages are provided for in full.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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 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, futures, options and forward freight swap agreements. Derivatives are subsequently measured at fair value. Any gain or loss on forward exchange contracts relating to foreign currency denominated assets, liabilities 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.

Investments
Investments in subsidiaries, joint ventures and associates are recorded at cost, less impairments. Loans and finance lease receivables are recorded at amortised cost. Other investments are shown at fair value and gains and losses are recognised in income.

Trade and other receivables
Short duration receivables with no stated interest rate are measured at original invoice amount less provision for doubtful debts.

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

Equity
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

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

Trade and other payables
Trade payables are not interest bearing and are stated at their nominal value.

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.

Accounting Policies (continued)

Provisions

Provisions are 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 or contracts of affreightment 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 creditors. These assets and liabilities are all directly attributable to the segments.

Employee Benefits

The group operates a defined benefit pension fund as well as two defined contribution provident funds.

Current contributions to the group's defined contribution funds are charged against income when incurred. The cost of providing benefits to the group's defined benefit fund 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 fund 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.

The group's estimated liability in respect of post retirement medical benefits have 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.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance

Share Based Payments

The group has applied the requirement of IFRS 2 Share Based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all equity instruments issued after 7 November 2002 that had not vested as of 1 January 2005.

The group issues equity-settled share based payments to certain employees. These share based payments are measured at fair value at the date of the grant and is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured by use of an actuarial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Non-Current Assets Held for Sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal group are available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Immediately prior to being classified as held for sale the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale it is measured at the lower of the carrying amount and fair value less costs to sell and therefore not depreciated. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Government Grants

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Taxation

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred tax is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

Critical Judgements in Applying the Group's Accounting Policies

In the process of applying the group's accounting policies, management has made the following judgements that potentially have the most significant effect on the amounts recognised in the financial statements.

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

Due to the volatility of revenue and certain costs in respect of a subsidiary of the group, a period of one year is taken into account, as any estimate beyond this is considered unreliable.

Deferred taxation
Deferred tax assets representing the carry forward of unused tax losses are only recognised to the extent that it is probable that taxable profits will be available in the future. In instances where there is no contracted income, the raising of the deferred tax asset is limited to the next three years' budgeted taxable profit due to the uncertainty of estimating profits more than three years hence.

Impairment of investment and goodwill
Determining whether investments and goodwill is impaired requires an estimation of the value-in-use of the cash generating units of the investments and to which goodwill has been allocated. The value-in-use calculation requires the entities to estimate the future cash flows expected and a suitable discount rate in order to calculate the present value.

In respect of a subsidiary of the group that has incurred losses in recent periods, the investments and goodwill has not been impaired as substantial investment in and commissioning of plant will take place during 2006 and a contract with a major customer has recently been re-negotiated. This is expected to return the company to profitability.

Balance Sheets as at 31 December 2005

	Notes	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
ASSETS					
Non-current assets					
Ships, property, plant and equipment	1	2 069 178	1 535 104		
Intangible assets	2	250 525	49 767		
Investments in subsidiaries	3			1 460 951	593 090
Investment in joint venture	4			40 150	–
Investments in associates	5	125 339	144 896	45 000	75 096
Other investments	6	53 223	54 556		
Financial assets	7	535	54		
Deferred taxation	8	69 330	37 065	8 369	14 087
Total non-current assets		2 568 130	1 821 442	1 554 470	682 273
Current assets					
Inventory	9	345 573	30 118		
Trade and other receivables	10	1 223 634	445 140	356 144	110 677
Taxation		1 485	630		
Cash and cash equivalents		655 457	345 655	958	1 999
Non-current assets held for sale		184 338	–	30 096	–
Total current assets		2 410 487	821 543	387 198	112 676
Total assets		4 978 617	2 642 985	1 941 668	794 949
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and premium	11	495 289	6 298	556 405	67 414
Equity compensation reserve		2 791	1 327	2 791	1 327
Non-distributable reserves		(157 451)	(141 465)		
Accumulated profit		1 596 570	967 162	832 166	231 306
Attributable to equity holders of the company		1 937 199	833 322	1 391 362	300 047
Minority interest		6 753	8 044		
Total equity		1 943 952	841 366	1 391 362	300 047
Non-current liabilities					
Long-term borrowings	12	756 657	662 732		
Provision for post retirement medical aid	13	64 944	52 355		
Financial liabilities	7	83 001	49 727	3 677	–
Deferred taxation	8	20 340	4 445		
Total non-current liabilities		924 942	769 259	3 677	–
Current liabilities					
Trade and other payables	14	1 188 298	612 914	546 629	494 902
Provisions	15	51 744	50 240		
Short-term borrowings and overdraft	12	550 701	198 194		
Current portion of long-term borrowings	12	226 542	112 838		
Taxation		92 438	58 174		
Total current liabilities		2 109 723	1 032 360	546 629	494 902
Total equity and liabilities		4 978 617	2 642 985	1 941 668	794 949

* 2004 figures have been restated for IFRS.

Income Statements for the year ended 31 December 2005

	Notes	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
Revenue	16	7 449 145	2 974 325	837 741	260 151
Other income	17	198 668	81 043		
Operating expenses	17	(6 600 471)	(2 377 258)	(9 576)	(2 524)
Trading profit		1 047 342	678 110	828 165	257 627
Depreciation	17	(121 705)	(75 835)		
Operating profit before interest and taxation		925 637	602 275	828 165	257 627
Non-trading items	18	3 451	2 036	–	(137)
Interest received	19	53 859	38 129	93	568
Interest paid	19	(140 639)	(100 327)	–	(2 048)
Profit before share of associate companies profit		842 308	542 113	828 258	256 010
Share of associate companies profit before taxation		88 544	52 760		
Profit before taxation		930 852	594 873	828 258	256 010
Taxation	20	(65 152)	(47 966)	(5 718)	14 087
Profit for the year		865 700	546 907	822 540	270 097
Attributable to:					
Equity holders of the parent	21	866 430	546 190	822 540	270 097
Minority interest		(730)	717		
		865 700	546 907	822 540	270 097
Earnings per share (cents)	21				
Basic		185,7	121,3		
Diluted		178,6	115,4		

* 2004 figures have been restated for IFRS.

Statement of Changes in Equity

for the year ended 31 December 2005

GROUP

	Ordinary Share Capital R000	Preference Share Capital R000	Share Premium R000	Equity Compen-sation Reserve R000	Foreign Currency Translation Reserve R000	Hedging Reserve R000	Accu-mulated Profit R000	Attributable to Equity Holders of the Company R000	Minority Interest R000	Total Equity R000
Balance at 31 December 2003										
as previously stated	356	–	83 171	–	(22 271)	–	547 696	608 952	7 428	616 380
IFRS adjustments				202	8 701		(4 477)	4 426	326	4 752
Operating lease adjustment					3 064		(17 516)	(14 452)	(394)	(14 846)
Restated balance	356	–	83 171	202	(10 506)	–	525 703	598 926	7 360	606 286
Share options exercised			6 146					6 146		6 146
Shares repurchased and cancelled	(89)		(83 286)				(22 771)	(106 146)		(106 146)
Conversion of ordinary shares	(258)		258					–		–
Share based payments				1 125				1 125		1 125
Foreign currency translation adjustments					(81 234)			(81 234)		(81 234)
Financial instrument hedge						(49 725)		(49 725)		(49 725)
Minority interest acquired								–	(33)	(33)
Profit attributable to shareholders							546 190	546 190	717	546 907
Dividends paid							(81 960)	(81 960)		(81 960)
Balance at 31 December 2004	9	–	6 289	1 327	(91 740)	(49 725)	967 162	833 322	8 044	841 366
IAS 39 adjustment							(15 325)	(15 325)		(15 325)
Restated balance	9	–	6 289	1 327	(91 740)	(49 725)	951 837	817 997	8 044	826 041
Share options exercised			3 454					3 454		3 454
Shares repurchased and cancelled			(2 243)					(2 243)		(2 243)
Preference shares issued		2	499 998					500 000		500 000
Share issue expenses written off			(12 220)					(12 220)		(12 220)
Share based payments				1 464				1 464		1 464
Foreign currency translation adjustments					(8 265)			(8 265)	59	(8 206)
Financial instrument hedge						(8 333)		(8 333)		(8 333)
Transfer to deferred taxation						612		612		612
Minority interest acquired								–	(620)	(620)
Profit attributable to shareholders							866 430	866 430	(730)	865 700
Dividends paid							(221 697)	(221 697)		(221 697)
Balance at 31 December 2005	**9**	**2**	**495 278**	**2 791**	**(100 005)**	**(57 446)**	**1 596 570**	**1 937 199**	**6 753**	**1 943 952**

ANALYSIS OF HOLDING COMPANY AND SUBSIDIARY INTERESTS

	Ordinary Share Capital R000	Preference Share Capital R000	Share Premium R000	Equity Compen-sation Reserve R000	Foreign Currency Translation Reserve R000	Hedging Reserve R000	Accu-mulated Profit R000	Attributable to Equity Holders of the Company R000
Holding company	9	2	556 394	2 791			832 166	1 391 362
Subsidiaries			(61 116)	–	(100 005)	(57 446)	764 404	545 837
	9	2	495 278	2 791	(100 005)	(57 446)	1 596 570	1 937 199

COMPANY

	Ordinary Share Capital R000	Preference Share Capital R000	Share Premium R000	Equity Compen-sation Reserve R000	Foreign Currency Translation Reserve R000	Hedging Reserve R000	Accu-mulated Profit R000	Attributable to Equity Holders of the Company R000
Balance at 31 December 2003								
as previously stated	356	–	167 058	–	–	–	43 169	210 583
IFRS adjustment				202				202
Restated balance	356	–	167 058	202	–	–	43 169	210 785
Share options exercised			6 146					6 146
Shares repurchased and cancelled	(89)		(106 057)					(106 146)
Conversion of ordinary shares	(258)		258					–
Share based payments				1 125				1 125
Profit attributable to shareholders							270 097	270 097
Dividends paid							(81 960)	(81 960)
Balance at 31 December 2004	9	–	67 405	1 327	–	–	231 306	300 047
Share options exercised			3 454					3 454
Shares repurchased and cancelled			(2 243)					(2 243)
Preference shares issued		2	499 998					500 000
Share issue expenses written off			(12 220)					(12 220)
Share based payments				1 464				1 464
Profit attributable to shareholders							822 540	822 540
Dividends paid							(221 680)	(221 680)
Balance at 31 December 2005	**9**	**2**	**556 394**	**2 791**	**–**	**–**	**832 166**	**1 391 362**

Cash Flow Statements for the year ended 31 December 2005

	Notes	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
OPERATING ACTIVITIES					
Cash receipts from charter hire		1 331 711	1 350 609		
Cash receipts from freight		1 523 547	1 154 447		
Cash receipts from invoiced sales		3 824 455	428 811		
Other		14 728	10 360		
Cash receipts from customers		6 694 441	2 944 227		
Cash payments to suppliers and employees		(5 326 964)	(2 308 265)	(5 379)	(1 762)
Cash generated from/(utilised in) operations	30.1	1 367 477	635 962	(5 379)	(1 762)
Interest received		53 859	38 129	93	568
Interest paid		(149 915)	(102 472)	–	(2 048)
Dividends received		5 274	21 344	159 584	199 786
Dividends paid	30.2	(206 508)	(81 960)	(206 491)	(81 960)
Taxation paid		(32 251)	(3 766)		
Net cash flows from/(used in) operating activities		1 037 936	507 237	(52 193)	114 584
INVESTING ACTIVITIES					
Ships, property, plant and equipment acquired	30.3	(648 135)	(558 963)		
Replacement of ships, property, plant and equipment		(13 972)	(3 993)		
Additions to ships, property, plant and equipment		(634 163)	(554 970)		
Acquisition of investments		–	(13 192)	(40 151)	–
Acquisition of subsidiaries and joint ventures	30.4	(906 417)	(4 162)		
Proceeds from disposal of property, plant and equipment		13 666	4 021		
Proceeds from disposal of investments		575	96 877	–	9 212
Acquisition of intangible assets		(139 294)	–		
Capital receipts from finance lease		–	18 233		
Loans repaid by associate companies		2 378	1 772		
Loans advanced to joint ventures		(10 534)	(4 545)		
Net advances to subsidiaries				(397 688)	(96 425)
Net cash flows used in investing activities		(1 687 761)	(459 959)	(437 839)	(87 213)
FINANCING ACTIVITIES					
Proceeds from issue of ordinary share capital		3 454	6 146	3 454	6 146
Proceeds from issue of preference share capital		487 780	–	487 780	–
Repurchase of ordinary share capital		(2 243)	(106 146)	(2 243)	(106 146)
Long-term borrowings raised		459 011	487 994		
Payment of capital portion of long-term borrowings		(352 079)	(229 079)		
Short-term loan raised/(repaid)		129 192	(129 711)		
Net cash flows from/(used in) financing activities		725 115	29 204	488 991	(100 000)
Net increase/(decrease) in cash and cash equivalents		75 290	76 482	(1 041)	(72 629)
Cash and cash equivalents at beginning of period		257 297	189 150	1 999	74 628
Difference arising on translation		14 984	(8 335)		
Cash and cash equivalents at end of period	30.5	347 571	257 297	958	1 999

* 2004 figures have been restated for IFRS.

Segmental Analysis for the year ended 31 December 2005

Business Segments	Shipping Services		Trading, Freight and Financial Services		Group	
	2005	2004*	2005	2004*	2005	2004*
	R000	R000	R000	R000	R000	R000
Revenue – External	2 867 560	2 479 479	4 581 585	494 846	7 449 145	2 974 325
Revenue – Internal	540 218	242 842	1 891 651	34 699	2 431 869	277 541
Trading profit	923 850	625 151	123 492	52 959	1 047 342	678 110
Depreciation	(69 991)	(44 165)	(51 714)	(31 670)	(121 705)	(75 835)
Operating profit	853 859	580 986	71 778	21 289	925 637	602 275
Non-trading items	(439)	(1 776)	3 890	3 812	3 451	2 036
Share of associate companies profit before taxation	–	–	88 544	52 760	88 544	52 760
Segment result excluding interest and taxation	853 420	579 210	164 212	77 861	1 017 632	657 071
Interest received	14 074	5 578	39 785	32 551	53 859	38 129
Interest paid	(74 550)	(55 835)	(66 089)	(44 492)	(140 639)	(100 327)
Taxation	(22 830)	(34 306)	(42 322)	(13 660)	(65 152)	(47 966)
Profit for the year	770 114	494 647	95 586	52 260	865 700	546 907
Minority interest	–	–	730	(717)	730	(717)
Profit attributable to shareholders	770 114	494 647	96 316	51 543	866 430	546 190
Preference dividends	(7 595)	–	(7 611)	–	(15 206)	–
Profit attributable to ordinary shareholders	762 519	494 647	88 705	51 543	851 224	546 190
Capital expenditure	494 659	502 797	153 476	56 166	648 135	558 963
Segment assets	2 145 872	1 910 515	2 832 745	732 470	4 978 617	2 642 985
Segment liabilities excluding interest bearing debt	(569 587)	(380 243)	(931 178)	(349 102)	(1 500 765)	(729 345)

Geographic Segments	USA/Bermuda		South America		Middle East	
	2005	2004*	2005	2004*	2005	2004*
	R000	R000	R000	R000	R000	R000
Revenue – External	1 142 029	–	163 955	–	80 044	–
Capital expenditure	–	–	–	–	–	–
Segment assets	424 650	–	22	–	1 947	–

	United Kingdom/ Europe/Isle of Man		Singapore/Asia/ Far East		Southern Africa		Group	
	2005	2004*	2005	2004*	2005	2004*	2005	2004*
	R000	R000	R000	R000	R000	R000	R000	R000
Revenue – External	724 619	195 996	1 849 249	426 246	3 489 249	2 352 083	7 449 145	2 974 325
Capital expenditure	420 864	417 919	705	403	226 566	140 641	648 135	558 963
Segment assets	1 505 506	1 546 171	720 430	140 303	2 326 062	956 511	4 978 617	2 642 985

* 2004 figures have been restated for IFRS.

Transition to IFRS

For the year ended 31 December 2004, the group prepared its financial statements under South African Statements of Generally Accepted Accounting Practice (SA GAAP). In accordance with the JSE Limited (JSE) Listings Requirements, the group is required to prepare its annual financial statements in accordance with IFRS (and revised SA GAAP effective for financial periods commencing on or after 1 January 2005) for the year ended 31 December 2005. IFRS refers to the application of International Accounting Standards (IAS) and IFRS.

This requirement applies to all listed companies for financial reporting periods beginning on or after 1 January 2005 and, consequently, 31 December 2005 is the group's first published annual financial statements under IFRS. As the group publishes comparative information for one year, the date of transition to IFRS is 1 January 2004, which represents the start of the earliest period of comparative information presented.

In order to explain how the group's reported performance and financial position are impacted by IFRS, the group has restated information previously published under SA GAAP to the equivalent basis under IFRS. This restatement follows the guidelines set out in IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1).

The date of transition to IFRS for the group is 1 January 2004 and therefore as required by IFRS 1, the group's opening balance sheet at 1 January 2004 has been restated to reflect all existing IFRS statements applicable at 31 December 2005. However, IFRS 1 allows a number of exemptions to this retrospective application principle upon adoption of IFRS.

Where estimates have previously been made under SA GAAP, consistent estimates after adjustments to reflect any differences in accounting policies have been made for the same date on transition to IFRS.

The group has adopted the following transitional arrangements:

IFRS 2 Share Based Payments
The group has elected not apply the provisions of IFRS 2 Share Based Payments to its equity-settled share options granted on or before 7 November 2002, or to options granted after the date but which had vested prior to 1 January 2005.

IFRS 3 Business Combinations
The group has elected not to retrospectively apply the requirements of IFRS 3 Business Combinations for business combinations that occurred prior to 31 March 2004 and consequently no adjustment has been made for historical business combinations.

IAS 39 (revised) Financial Instruments: Recognition and Measurement
IAS 39 (revised) Financial Instruments: Recognition and Measurement permits the adjustment to accumulated profit relating to the adoption of IAS 39, to be made at either the date of transition or at the effective date of the revised standard, which is 1 January 2005. The group has opted to effect this adjustment at 1 January 2005.

Transition to IFRS *(continued)*

The material adjustments, after accounting for the operating lease adjustment per note 22, and basis thereto are shown below.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2003

		Ordinary Share Capital R000	Share Premium R000	Equity Compen-sation Reserve R000	Foreign Currency Translation Reserve R000	Accu-mulated Profit R000	Attributable to Equity Holders of the Company R000	Minority Interest R000	Total Equity R000
Balance at 31 December 2003									
after operating lease adjustment		356	83 171	–	(19 207)	530 180	594 500	7 034	601 534
Adjusted for IFRS									
IFRS 2 Share Based Payments	Note 1			202		(202)	–		–
IFRS 3 Business Combinations	Note 2					2 959	2 959		2 959
IAS 16 Property, Plant and									
Equipment	Note 3					1 978	1 978	326	2 304
IAS 17 Leases	Note 4					(586)	(586)		(586)
IAS 21 The Effects of Changes in									
Foreign Exchange Rates	Note 5				8 701	(8 626)	75		75
		356	83 171	202	(10 506)	525 703	598 926	7 360	606 286

BALANCE SHEET AS AT 31 DECEMBER 2004

	2004 As previously stated R000	Note 1 IFRS 2 R000	Note 2 IFRS 3 R000	Note 3 IAS 16 R000	Note 4 IAS 17 R000	Note 5 IAS 21 R000	2004 Restated R000
ASSETS							
Non-current assets							
Ships, property,							
plant and equipment	1 529 363			3 836	1 883	22	1 535 104
Intangible assets	42 355		7 412				49 767
Investments in associates	144 253			643			144 896
Other investments	54 556						54 556
Financial assets	54						54
Deferred taxation	37 065						37 065
Total non-current assets	1 807 646	–	7 412	4 479	1 883	22	1 821 442
Current assets							
Inventory	29 391			727			30 118
Trade and other receivables	442 921			895		1 324	445 140
Taxation	630						630
Cash and cash equivalents	345 655						345 655
Total current assets	818 597	–	–	1 622	–	1 324	821 543
Total assets	2 626 243	–	7 412	6 101	1 883	1 346	2 642 985

BALANCE SHEET AS AT 31 DECEMBER 2004 (continued)

	2004 As previously stated R000	Note 1 IFRS 2 R000	Note 2 IFRS 3 R000	Note 3 IAS 16 R000	Note 4 IAS 17 R000	Note 5 IAS 21 R000	2004 Restated R000
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	6 298						6 298
Equity compensation reserve	–	1 327					1 327
Non-distributable reserves	(150 799)			134		9 200	(141 465)
Accumulated profit	965 232	(1 327)	7 412	4 339	(643)	(7 851)	967 162
Attributable to equity holders of the company	820 731	–	7 412	4 473	(643)	1 349	833 322
Minority interest	7 461			583			8 044
Total equity	828 192	–	7 412	5 056	(643)	1 349	841 366
Non-current liabilities							
Long-term borrowings	660 373				2 359		662 732
Provision for post retirement medical aid	52 355						52 355
Financial liabilities	49 727						49 727
Deferred taxation	3 675			1 045	(275)		4 445
Total non-current liabilities	766 130	–	–	1 045	2 084	–	769 259
Current liabilities							
Trade and other payables	612 917					(3)	612 914
Provisions	50 240						50 240
Short-term borrowings and overdraft	198 194						198 194
Current portion of long-term borrowings	112 396				442		112 838
Taxation	58 174						58 174
Total current liabilities	1 031 921	–	–	–	442	(3)	1 032 360
Total equity and liabilities	2 626 243	–	7 412	6 101	1 883	1 346	2 642 985

Transition to IFRS *(continued)*

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 As previously stated R000	Note 1 IFRS 2 R000	Note 2 IFRS 3 R000	Note 3 IAS 16 R000	Note 4 IAS 17 R000	Note 5 IAS 21 R000	2004 Restated R000
Revenue	2 974 325						2 974 325
Other income	81 043						81 043
Operating expenses	(2 376 136)	(1 125)	(1 920)	1 340	583		(2 377 258)
Trading profit	679 232	(1 125)	(1 920)	1 340	583		678 110
Depreciation	(77 643)			1 451	(418)	775	(75 835)
Operating profit before interest and taxation	601 589	(1 125)	(1 920)	2 791	165	775	602 275
Non-trading items	(4 337)		6 373				2 036
Interest received	38 129						38 129
Interest paid	(100 106)				(221)		(100 327)
Profit before share of associate companies profit	535 275	(1 125)	4 453	2 791	(56)	775	542 113
Share of associate companies profit before taxation	51 929			831			52 760
Profit before taxation	587 204	(1 125)	4 453	3 622	(56)	775	594 873
Taxation	(47 355)			(611)			(47 966)
Profit for the year	539 849	(1 125)	4 453	3 011	(56)	775	546 907
Attributable to:							
Equity holders of the parent	539 391	(1 125)	4 453	2 752	(56)	775	546 190
Minority interest	458			259			717
	539 849	(1 125)	4 453	3 011	(56)	775	546 907

Note 1: IFRS 2 Share Based Payments

The group grants options to employees under an employee share incentive scheme. Costs incurred in administering the scheme were expensed immediately. No further costs were incurred, other than a dilution in earnings per share when the shares were issued. In accordance with the requirements of IFRS 2, the group has recognised an expense in the income statement, with a corresponding credit to equity, representing the fair value of outstanding employee share options with regard to its equity-settled scheme. The fair value at the date of granting the options is charged to income over the relevant option vesting periods, adjusted to reflect actual and expected levels of vesting.

Note 2: IFRS 3 Business Combinations

Previously the group recognised acquired goodwill at cost and amortised it on a straight-line basis over its expected useful life. Goodwill was subject to review for indications of impairment and any impairment losses were recognised in the income statement. IFRS 3 requires that goodwill is not amortised but is subject to impairment reviews, both annually and when indications are that the carrying value may not be recoverable. Negative goodwill is no longer recognised on the balance sheet but in the income statement as it arises.

The 2004 goodwill amortisation previously recognised in the income statement has been reversed, resulting in a corresponding increase in equity. All goodwill has been tested for impairment at 1 January 2004, 31 December 2004 and 31 December 2005 in accordance with IFRS with further impairment being recognised on transition. Negative goodwill that was previously recognised on the balance sheet at the transition date was released to reserves.

Note 3: IAS 16 (revised) Property, Plant and Equipment

Previously property, plant and equipment were measured at cost less accumulated depreciation and impairment losses. The revised IAS 16 amendments that impact the group relate to the componentisation of the group's ships, locomotives and other plant and equipment and the revised requirement for an annual review of the residual value and useful lives of assets. These changes affect the annual depreciation charge to the income statement.

Note 4: IAS 17 Leases

IAS 17 requires that leases be classified at inception. With regard to the land and buildings elements of a lease, the land and buildings are considered separately for the purposes of lease classification. Land with an indefinite economic life has been classified as an operating lease unless title is expected to pass to the group by the end of the lease term. The buildings element is classified as a finance or operating lease in accordance with the standard.

Note 5: IAS 21 The Effects of Changes in Foreign Exchange Rates

IAS 21 requires the group to determine the functional currency for all entities and the distinction between foreign entities or intergrated operations. An entity, which has a non-Rand functional currency, is translated at the closing exchange rate and the differences arising are reported directly to equity, whilst all other entities classified as having a Rand functional currency report foreign currency translation differences in the income statement.

Notes to the Financial Statements

31 December 2005

			Group	
			2005	2004*
		Accumu-	**R000**	R000
	Cost/	lated	**Carrying**	Carrying
	Valuation	Depreciation	**Value**	Value
1. SHIPS, PROPERTY, PLANT AND EQUIPMENT				
FREEHOLD AND LEASEHOLD PROPERTIES				
Opening balance	114 140	(9 322)	**104 818**	104 798
Translation loss	(17)	–	**(17)**	(280)
Additions and improvements	79 134	(605)	**78 529**	5 377
Disposals	(1 911)	39	**(1 872)**	–
Depreciation/amortisation		(7 144)	**(7 144)**	(5 077)
Closing balance	191 346	(17 032)	**174 314**	104 818
SHIPS				
Opening balance	1 104 977	(50 160)	**1 054 817**	386 027
IAS 39 adjustment	(15 664)	339	**(15 325)**	–
Translation gain/(loss)	76 526	(2 298)	**74 228**	(71 424)
Transfer from ships under construction	57 560	–	**57 560**	469 475
Additions	183 132	–	**183 132**	318 405
Transfer from provisions	–	–	**–**	(16 800)
Transfer to non-current assets held for sale	(50 057)	(1 256)	**(51 313)**	–
Depreciation		(58 844)	**(58 844)**	(30 866)
Closing balance	1 356 474	(112 219)	**1 244 255**	1 054 817
SHIPS UNDER CONSTRUCTION				
Opening balance	60 127	–	**60 127**	157 475
Translation gain/(loss)	5 321	–	**5 321**	(21 032)
Additions	204 364	–	**204 364**	417 314
Onerous contract provision	–	–	**–**	(26 300)
Finance costs capitalised	8 843	–	**8 843**	2 145
Transfer to ships	(57 560)	–	**(57 560)**	(469 475)
Closing balance	221 095	–	**221 095**	60 127
LEASED SHIPS				
Opening balance	190 337	(72 981)	**117 356**	148 652
Translation gain/(loss)	22 237	(8 440)	**13 797**	(20 834)
Transfer to non-current asset held for sale	(107 408)	44 971	**(62 437)**	–
Depreciation		(7 779)	**(7 779)**	(10 462)
Closing balance	105 166	(44 229)	**60 937**	117 356
EQUIPMENT, PLANT AND VEHICLES				
Opening balance	212 086	(42 982)	**169 104**	144 655
Translation loss	(592)	(1 536)	**(2 128)**	(473)
Additions	208 901	(31 347)	**177 554**	54 073
Reclassification from leased assets	–	–	**–**	1 485
Finance costs capitalised	433	–	**433**	–
Impairment	–	(707)	**(707)**	–
Disposals	(8 945)	4 809	**(4 136)**	(3 426)
Transfer to non-current asset held for sale	(307)	–	**(307)**	–
Depreciation		(42 030)	**(42 030)**	(27 210)
Closing balance	411 576	(113 793)	**297 783**	169 104

* 2004 figures have been restated for IFRS.

	Cost/ Valuation	Accumulated Depreciation	Group 2005 R000 Carrying Value	2004* R000 Carrying Value
1. SHIPS, PROPERTY, PLANT AND EQUIPMENT (continued)				
LEASED EQUIPMENT, PLANT AND VEHICLES				
Opening balance	44 524	(15 642)	**28 882**	22 326
Additions	57 101	(5 817)	**51 284**	10 350
Reclassification to owned assets	–	–	**–**	(1 485)
Disposals	(10 368)	6 904	**(3 464)**	(89)
Depreciation		(5 908)	**(5 908)**	(2 220)
Closing balance	91 257	(20 463)	**70 794**	28 882
Aggregate	2 376 914	(307 736)	**2 069 178**	1 535 104

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.

Certain assets are encumbered in respect of capitalised lease and loan liabilities, details of which are shown under loan funds on page 110.

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$285,0 million (2004: US$245,8 million).

It is the policy of Grindrod and its subsidiaries to insure their property, plant and equipment at replacement value, however in certain circumstances asset cover is limited to market value. The sum insured is R878,1 million (2004: R415,5 million).

	Cost/ Valuation	Accumulated Amortisation	Group 2005 R000 Carrying value	2004* R000 Carrying Value
2. INTANGIBLE ASSETS				
GOODWILL				
Opening balance	98 651	(65 168)	**33 483**	21 829
Accumulated amortisation netted against cost per IFRS 3	(50 636)	50 636	**–**	–
Translation loss	(155)	–	**(155)**	(124)
Additions	58 649	–	**58 649**	13 747
Impairment	(39)	–	**(39)**	(1 969)
Transfer to non-current assets held for sale	(27 899)	14 532	**(13 367)**	–
Closing balance	78 571	–	**78 571**	33 483
INTANGIBLE ASSETS				
Opening balance	20 381	(4 097)	**16 284**	18 290
Translation loss	(732)	–	**(732)**	–
Additions	170 322	(396)	**169 926**	–
Amortisation		(13 524)	**(13 524)**	(2 006)
Closing balance	189 971	(18 017)	**171 954**	16 284
Aggregate	268 542	(18 017)	**250 525**	49 767

* 2004 figures have been restated for IFRS.

Notes to the Financial Statements (continued)

31 December 2005

	Company 2005 R000	Company 2004* R000
3. INVESTMENTS IN SUBSIDIARIES		
Shares at cost	1 458 160	591 763
Share based payments	2 791	1 327
	1 460 951	593 090
Details of the investments in subsidiaries are shown on the schedule of interest in subsidiaries on page 111.		

	Company 2005 R000	Company 2004* R000
4. INVESTMENT IN JOINT VENTURE		
Shares at cost	40 150	–
	40 150	–
Details of the investments in joint ventures are shown on page 104.		

	Effective holding %	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
5. INVESTMENTS IN ASSOCIATES					
UNLISTED					
RMBT Holdings Limited					
Cost of investment	50	75 096	75 096	75 096	75 096
Goodwill		(27 899)	(27 899)		
Fair value of identifiable net assets at date of acquisition		47 197	47 197	75 096	75 096
Transfer to non-current assets held for sale		(2 197)	–	(30 096)	–
		45 000	47 197	45 000	75 096
Röhlig-Grindrod (Pty) Limited					
Cost of investment		–	6 605		
Loan account		–	4 250		
Ocean Africa Container Lines (Pty) Limited					
Cost of investment	49	7 089	7 089		
Other investments		1 030	535		
Translation gain		31	–		
Transfer to non-current assets held for sale		(294)	–		
		52 856	65 676	45 000	75 096
Attributable share of accumulated profit		72 483	79 220		
Attributable share of accumulated profit		140 179	79 220		
Attributable share of accumulated profit acquired		298	–		
Transfer to non-current assets held for sale		(54 423)	–		
Röhlig-Grindrod (Pty) Limited now a joint venture		(13 571)	–		
		125 339	144 896	45 000	75 096
Directors' valuation		258 080	297 146	169 500	169 500

* 2004 figures have been restated for IFRS.

	Effective holding %	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
5. INVESTMENTS IN ASSOCIATES (continued)					
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		928 226	844 523		
Total liabilities		(697 365)	(675 524)		
Share of current year's profits		31 703	15 061		
Ocean Africa Container Lines (Pty) Limited is incorporated in the Republic of South Africa and provides shipping and logistical services.					
The following financial information is pertinent to the company:					
Total assets		193 598	133 907		
Total liabilities		(56 593)	(62 587)		
Share of current year's profits		31 484	24 193		
6. OTHER INVESTMENTS					
Cash/financial investments					
Ship option security deposit		52 846	41 634		
Other investments		377	–		
Prepayment on investment		–	12 922		
		53 223	54 556		

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

* 2004 figures have been restated for IFRS.

7. 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.

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			
	2005 US$000	2005 R000	2004* US$000	2004* R000
Ship option security deposit	8 735	52 846	7 369	41 634
Loans	(89 947)	(567 566)	(25 844)	(146 018)
Trade and other receivables	733	4 625	601	3 396
Trade and other payables	(2 073)	(13 081)	(165)	(932)
Bank balances	48 025	303 038	37 037	209 259
	(34 527)	(220 138)	18 998	107 339
In addition, a proportionally consolidated US Dollar joint venture has uncovered Rand liabilities as follows:				
Capitalised finance leases secured by ships	13 706	86 485	17 926	101 282

DERIVATIVE INSTRUMENTS

Forward Exchange Contracts

The group had entered into the following forward exchange contracts which are accounted for as fair value hedges with gains/losses thereon taken to the income statement. 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.

	2005				2004*			
		Contract value				Contract value		
FOREIGN CURRENCY	Ave rate	US$000	R000	Asset/ (Liability) R000	Ave rate	US$000	R000	Asset/ (Liability) R000
Purchase Dollars	6.67	(2 589)	(17 274)	(623)	9.40	(36 674)	(344 836)	(133 047)
Sell Dollars	6.38	293	1 868	4	6.61	36 674	242 546	30 757
		(2 296)	(15 406)	(619)		–	(102 290)	(102 290)
Purchase Euro, sell Dollars	–	–	–	–	7.56	392	525	56
Purchase GBP, sell Dollars	–	–	–	–	10.92	107	207	(2)
		€000	R000	R000		€000	R000	R000
Purchase Euros	7.97	(936)	(7 464)	(384)	–	–	–	–
		£000	R000	R000		£000	R000	R000
Purchase GBP	11.65	94	1 095	(60)	–	–	–	–
		JPY000	R000	R000		JPY000	R000	R000
Purchase JPY	18.18	600	33	–	–	–	–	–

* 2004 figures have been restated for IFRS.

7. FINANCIAL INSTRUMENTS (continued)

The group has entered into the following forward exchange contracts to hedge future commitments to be entered into which includes the purchase of two ships to be delivered in 2006 and 2007 respectively, the purchase of certain locomotives to be delivered in 2006 and the purchase of certain commodities to be made in 2006 and 2007. The exposure to Rand/US Dollar exchange rate fluctuations has been designated and qualifies as a hedge in line with the group's accounting policy thereon.

	2005				2004*			
		Contract value				Contract value		
FOREIGN CURRENCY	Ave rate	US$000	R000	Asset/ (Liability) R000	Ave rate	US$000	R000	Asset/ (Liability) R000
Purchase Dollars	6.87	(120 508)	(828 346)	(60 807)	8.36	20 000	167 270	(47 094)
Sell Dollars	6.38	8 143	51 935	535	–	–	–	–
		(112 365)	(776 411)	(60 272)		20 000	167 270	(47 094)

Cross Currency Swaps

The group has entered into the following cross currency swaps on certain US 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.

	2005			2004*
	Nominal value			
MATURITY DATE	US$000	R000	Asset/ (Liability) R000	Asset/ (Liability) R000
4 March 2014	10 000	65 050	(645)	(812)
17 June 2014	10 000	61 346	(599)	(717)
20 December 2014	10 000	57 725	(681)	(706)
	30 000	184 121	(1 925)	(2 235)

The group has entered into a further cross currency swap on a US Dollar loan which creates a Euro loan obligation. The loss on this instrument is accounted for through the income statement, the details of which are:

	2005			2004*
	Nominal value			
MATURITY DATE	US$000	R000	Asset/ (Liability) R000	Asset/ (Liability) R000
31 January 2006	355	2 240	(10)	–

Other Derivatives

	2005					2004*
			Contract value			
FOREIGN CURRENCY	Type of instrument	Ave strike price	US$000	R000	Asset/ (Liability) R000	Asset/ (Liability) R000
Sell Dollars	Embedded derivative	6.86	1 876	12 877	910	–
Sell Dollars	Options	6.75	1 177	7 948	521	–
			3 053	20 825	1 431	–

* 2004 figures have been restated for IFRS.

7. **FINANCIAL INSTRUMENTS (continued)**

Futures

The group has entered into certain futures in order to commercially hedge the price risk in respect of commodity contracts which mature between 22 January 2006 and 22 December 2006. These contracts are treated as fair value hedges and (gains)/losses thereon are recognised in the income statement. The contracted firm commitments or highly probable underlying customer transactions are then fair valued, resulting in an offsetting (gain)/loss in the income statement and a corresponding asset/(liability) on the balance sheet. The (gains)/losses on open futures positions are cash settled daily through the margin account and are already included in net cash balances. As a result, the balance sheet does not reflect an offsetting financial asset/(liability). Details of the group's dealings in futures are as follows:

COMMODITY	2005 Tonnage	2005 Contract value R000	2005 Financial Asset/ (Liability) R000	2005 (Gain)/ Loss re-cognised R000	2004* (Gain)/ Loss re-cognised R000
White maize	3 300	3 342		(354)	–
White maize	(1 300)	(1 390)		34	–
Yellow maize	(4 400)	(3 933)		116	–
Yellow maize	3 900	3 480		(189)	–
Corn	39 967	17 157		(336)	–
Soya bean meal	72 150	99 117		(18 639)	–
Soya bean	(14 500)	(20 709)		593	–
Wheat	(116 050)	(104 045)		(1 498)	–
Wheat	(3 100)	(7 307)		1 750	–
Mark to market settled through margin account				(18 523)	–
Contracted firm commitment/highly probable underlying transactions at fair value			(18 523)	18 523	–
			(18 523)	–	–

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:	2005 R000	2004* R000
Loans linked to LIBOR	419 419	320 932
Loans linked to SA money market	394 822	418 501
Short-term borrowings linked to SA money market	550 701	198 194
Loans with a fixed interest rate	168 959	36 137
	1 533 901	973 764

Full details of the interest rate profile of long-term borrowings is set out in the schedule of loan funds on page 110.

* 2004 figures have been restated for IFRS.

7. **FINANCIAL INSTRUMENTS (continued)**

Interest Rate Swaps

The company(*) and group has entered into the following interest rate swaps on Rand denominated loans, whereby variable interest rates have been fixed as indicated:

MATURITY DATE	Interest rate	2005 Nominal value R000	Asset/ (Liability) R000	2004* Asset/ (Liability) R000
19 December 2006	Variable to 9,5%	17 297	(165)	(396)
31 December 2008 *	Variable to 8,92%	500 000	(3 677)	–

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

	Hedging reserve 2005 R000	Financial assets 2005 R000	Financial liabilities 2005 R000	Hedging reserve 2004* R000	Financial assets 2004* R000	Financial liabilities 2004* R000
Forward exchange contracts on ships and other trading commitments	(55 356)	539	(61 874)	(47 094)	54	(149 386)
Embedded derivative		910				
Cross currency swaps	(1 925)		(1 935)	(2 235)		(2 235)
Interest rate swaps	(165)		(3 844)	(396)		(396)
Futures and options		521	(18 523)			
	(57 446)	1 970	(86 176)	(49 725)	54	(152 017)
Less portion due within one year included in trade and other payables/(receivables)		(1 435)	3 175		–	102 290
	(57 446)	535	(83 001)	(49 725)	54	(49 727)

CREDIT RISK

Potential areas of credit risk consist of cash and cash equivalents, trade debtors and other receivables. The group limits its exposure 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:

	Shipping Services		Trading, Freight and Financial Services		Group	
2005	Number of debtors	R000	Number of debtors	R000	Number of debtors	R000
Trade debtors	46	43 466	4 438	900 189	4 484	943 655
Other	n/a	66 540	n/a	176 270	n/a	242 810
		110 006		1 076 459		1 186 465
2004*						
Trade debtors	186	31 301	2 240	157 650	2 426	188 951
Other	n/a	61 064	n/a	26 127	n/a	87 191
		92 365		183 777		276 142

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.

* 2004 figures have been restated for IFRS.

Notes to the Financial Statements (continued)

31 December 2005

	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
8. DEFERRED TAXATION				
Deferred taxation analysed by major category:				
Capital allowances	(37 543)	(14 234)		
Other temporary differences	47 542	18 895		
STC credits	8 369	18 647	8 369	14 087
Estimated taxation losses	30 622	9 312		
	48 990	32 620	8 369	14 087
Reconciliation of deferred taxation:				
Opening balance	32 620	11 362	14 087	–
Income statement effect	10 732	20 725	(5 718)	14 087
Transfer from non-distributable reserve	612	–		
Translation adjustment	343	–		
Purchase of subsidiaries and joint ventures	4 683	533		
Closing balance	48 990	32 620	8 369	14 087
Comprising:				
Deferred taxation assets	69 330	37 065	8 369	14 087
Deferred taxation liabilities	(20 340)	(4 445)		
	48 990	32 620	8 369	14 087
9. INVENTORY				
Bunkers and other consumables	22 649	15 076		
Agricultural commodities	269 689	–		
Other commodities	25 870	–		
Merchandise and containers	27 365	15 042		
	345 573	30 118		
The fair value less costs to sell of the agricultural and other commodities inventory amounts to R295 559 000 (2004: Nil).				
10. TRADE AND OTHER RECEIVABLES				
Trade debtors	943 655	188 951		
Prepayments	83 415	141 960		
Amounts due from subsidiaries			356 144	50 312
Loans to joint ventures				
Shareholders loans	35 550	8 632		
Other loans	150	18 406		
Current portion of financial asset (note 7)	1 435	–		
Other receivables	159 429	87 191	–	60 365
	1 223 634	445 140	356 144	110 677

Trade debtors amounting to R132 279 000 (2004: R84 830 000) have been ceded to two financial institutions in order to secure overdraft facilities.

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%).

* 2004 figures have been restated for IFRS.

	Group		Company	
	2005	2004*	**2005**	2004*
	R000	R000	**R000**	R000
11. SHARE CAPITAL AND PREMIUM				
AUTHORISED				
2 750 000 000 ordinary shares of 0,002 cent each (2004: 550 000 000 ordinary shares of 0,01 cent each)	**55**	55	**55**	55
7 500 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each (2004: Nil)	**2**	–	**2**	–
	57	55	**57**	55
ISSUED				
461 626 210 ordinary shares of 0,002 cent each (2004: 90 921 552 shares of 0,01 cent each)	**9**	9	**9**	9
5 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each (2004: Nil)	**2**	–	**2**	–
SHARE PREMIUM	**495 278**	6 289	**556 394**	67 405
Balance at beginning of year	**6 289**	83 171	**67 405**	167 058
Premium on shares issued	**503 452**	6 146	**503 452**	6 146
Net premium on shares bought back and cancelled	**(2 243)**	(83 286)	**(2 243)**	(106 057)
Share issue expenses written off	**(12 220)**	–	**(12 220)**	–
Conversion of ordinary shares from 1,0 cent to 0,01 cent each	**–**	258	**–**	258
Total issued share capital and premium	**495 289**	6 298	**556 405**	67 414

On 22 August 2005, 5 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares with a nominal value of 0,031 cent each (2004: Nil) were issued for R500 000 000 (2004: Nil).

Prior to the subdivision of shares on 31 October 2005, 1 260 300 ordinary shares with a nominal value of R126,03 were issued for R3 129 040.

On 31 October 2005, the authorised 550 000 000 ordinary shares of 0,01 cent each were subdivided on a 5 for 1 split into 2 750 000 000 ordinary shares of 0,002 cent each resulting in the issued ordinary shares at that date of 92 181 852 ordinary shares of 0,01 cent each being subdivided into 460 909 260 ordinary shares of 0,002 cent each.

Following the subdivision of shares on 31 October 2005, 900 000 ordinary shares with a nominal value of R18,00 were issued for R323 982.

183 050 (2004: 8 958 956) ordinary shares with a nominal value of R3,66 (2004: R89 589,56) and a premium of R2 242 467 (2004: R106 058 142) were bought back during the year and cancelled.

In 2004, 3 743 900 ordinary shares with a nominal value of R374,39 were issued for R6 146 930.

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.

* 2004 figures have been restated for IFRS.

	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
12. INTEREST-BEARING DEBT				
Long and medium-term financing	756 657	662 732		
Aggregate amount repayable within one year	226 542	112 838		
Aggregate loans	983 199	775 570		
Short-term borrowings and overdraft	550 701	198 194		
	1 533 900	973 764		

Group assets of R1 515 406 000 (2004: R1 346 716 000) are pledged as security for loans of R983 199 000 (2004: R715 570 000).

Details of the long and medium-term financing are shown on the schedule of loan funds on page 110.

13. EMPLOYEE BENEFIT OBLIGATIONS

PROVISION FOR POST RETIREMENT MEDICAL AID

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:

	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
Recognised liability at beginning of the year	52 355	49 790		
Recognised as an expense in the current year	12 636	6 263		
Interest on obligation	5 066	5 796		
Current service cost	1 900	556		
Actuarial loss/(gain) recognised	5 670	(89)		
Contributions paid	(3 246)	(3 994)		
Acquisition on purchase of business	3 199	296		
Present value of unfunded obligations recognised as a liability at end of the year	64 944	52 355		

There are no unrecognised actuarial gains or losses.

The principal actuarial assumptions applied in the determination of fair values include:

	Group 2005	Group 2004*	Company 2005	Company 2004*
Health care cost inflation	6,5%	10%		
Discount rate	8,5%	12%		
Continuation at retirement	75%	75%		

An actuarial valuation was undertaken during 2005.

* 2004 figures have been restated for IFRS.

	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
13. EMPLOYEE BENEFIT OBLIGATIONS (continued)				
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 defined 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:				
Actuarial value of assets	63 848	63 848		
Present value of liabilities accrued to 1 April 2003	(44 578)	(44 578)		
Unrecognised surplus	19 270	19 270		
The next actuarial valuation is due to be completed at 1 April 2006. The employer's contribution 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 exercise in terms of the Pensions Funds Second Amendment Act 2001.				
14. TRADE AND OTHER PAYABLES				
Trade creditors	575 711	150 835		
Accrued expenses	328 391	259 413	1 025	11 105
Operating lease accrual	70 691	35 894		
Other payables	195 124	64 482		
Shareholders for dividends – preference shares	15 206	–	15 189	–
Amounts due to subsidiaries			530 415	483 797
Current portion of financial liabilities (note 7)	3 175	102 290		
	1 188 298	612 914	546 629	494 902

* 2004 figures have been restated for IFRS.

Notes to the Financial Statements (continued)
31 December 2005

	Group		Company	
	2005	2004*	2005	2004*
	R000	R000	R000	R000
15. PROVISIONS				
Balance at 1 January	50 240	34 700		
Charged to income statement				
Voyage onerous contracts	51 744	50 240		
Expenses charged against provisions				
Voyage onerous contracts	(50 240)	–		
Acquired during the year	–	8 400		
Reclassification to ships, property, plant and equipment	–	(43 100)		
	51 744	50 240		
16. REVENUE				
Revenue comprises net invoiced value of clearing and forwarding, shipping and transport services, gross revenue earned from seafreight, chartering, warehousing, depot operations and other ancillary services and investment income and is analysed as follows:				
Charter hire	1 331 711	1 350 609		
Freight revenue	1 523 547	1 154 447		
Net invoiced sales	2 144 674	458 909		
Sale of commodities	2 434 485	–		
Dividends received			837 741	260 151
Other	14 728	10 360		
	7 449 145	2 974 325	837 741	260 151
17. OPERATING PROFIT BEFORE INTEREST AND TAXATION				
Other income				
Ship option write up	7 834	12 420		
Foreign exchange gains	132 533	–		
Sale of tradeable assets	58 301	68 623		
	198 668	81 043	–	–

* 2004 figures have been restated for IFRS.

	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
17. OPERATING PROFIT BEFORE INTEREST AND TAXATION (continued)				
Operating expenses				
Voyage expenses	1 842 371	1 638 109		
Charter hire	1 328 811	1 267 408		
Fuel	202 943	122 696		
Port expenses	140 995	110 120		
Provision for onerous voyage contracts	51 774	50 240		
Reversal of provisions no longer required	(19 987)	(4 151)		
Other voyage expenses	137 835	91 796		
Cost of sales	3 894 038	161 173		
Agricultural commodities	2 340 464	–		
Bunker fuels	1 360 093	65 292		
Container handling and logistics	131 380	95 881		
Merchandise	32 703	–		
Other commodities	29 398	–		
Distribution and selling costs	40 445	9 729		
Staff costs	504 574	317 775		
Foreign exchange losses	6 509	62 418		
Other operating expenses	312 534	188 054	9 576	2 524
	6 600 471	2 377 258	9 576	2 524
Depreciation				
Amortisation				
Leasehold properties – historical	1 841	546		
Depreciation – owned assets				
Ships	58 844	30 866		
Other	47 333	31 741		
Depreciation – capitalised leased assets				
Ships	7 779	10 462		
Other	5 908	2 220		
	121 705	75 835	–	–

* 2004 figures have been restated for IFRS.

	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
17. OPERATING PROFIT BEFORE INTEREST AND TAXATION (continued)				
The above costs are arrived at after including:				
Auditors' remuneration				
Audit fees – current year provision	7 073	4 034	511	27
Prior year underprovision	634	207	115	3
Fees for other services	1 612	1 049	24	–
Expenses	23	20		
	9 342	5 310	650	30
Operating lease rentals				
Land and buildings	86 298	39 978		
Ships	1 756 486	1 254 199		
Other	11 094	11 042		
	1 853 878	1 305 219	–	–
Professional fees				
Administrative	339	1 570	–	2
Managerial	4 304	331		
Technical	3 754	255	132	
	8 397	2 156	132	2
Amortisation of intangible assets	13 524	2 006		
18. NON-TRADING ITEMS				
Impairment of property, plant and equipment	(707)			
Impairment of goodwill	(39)	(1 969)		
Impairment of investment			–	(137)
Profit on sale of investments	115	3 499		
Profit on sale of property, plant and equipment	4 082	506		
	3 451	2 036	–	(137)
The non-trading items have no effect on taxation. The minority's share of the profit on sale of property, plant and equipment is R504 000 (2004: R18 000).				
19. FINANCE COSTS				
Interest received	53 859	38 129	93	568
Net interest paid	(140 639)	(100 327)	–	(2 048)
Interest paid	(149 915)	(102 472)	–	(2 048)
Interest capitalised	9 276	2 145		
	(86 780)	(62 198)	93	(1 480)

* 2004 figures have been restated for IFRS.

	Group		Company	
	2005	2004*	2005	2004*
	R000	R000	R000	R000
20. TAXATION				
SOUTH AFRICAN NORMAL TAX				
Current				
On income for the year	(50 302)	(49 088)		
Prior year adjustment	52	(9 528)		
Secondary tax on companies (STC)	(221)	–		
Deferred				
On income for the year	14 429	2 155		
Change in tax rate	(1 088)	–		
Prior year adjustment	7 358	(77)		
On STC credits	(10 278)	18 647	(5 718)	14 087
FOREIGN				
Current				
On income for the year	(3 408)	(881)		
Prior year adjustment	306	–		
Deferred				
On income for the year	311	–		
ASSOCIATE COMPANIES				
Current				
On income for the year	(22 256)	(9 194)		
Deferred				
On income for the year	(55)	–		
	(65 152)	(47 966)	(5 718)	14 087
EFFECTIVE RATE OF TAXATION	%	%	%	%
Normal rate of taxation	29,0	30,0	29,0	30,0
Adjusted for:				
Current year tax losses utilised	(1,2)	(1,2)		
Exempt income	(0,9)	(0,7)	(29,3)	(30,5)
Non-taxable foreign items	(21,4)	(19,7)		
Non-allowable items	1,1	1,4	0,3	0,5
Deferred tax on STC credits	1,1	(3,4)	0,7	(5,5)
Change in tax rate	0,1	–		
Prior year adjustment	(0,8)	1,7		
Effective rate of taxation	7,0	8,1	0,7	(5,5)

Subsidiary companies have estimated tax losses of R260 166 000 (2004: R142 581 000) of which R92 996 000 (2004: R31 041 000) has been utilised in the calculation of deferred taxation.

* 2004 figures have been restated for IFRS.

Notes to the Financial Statements (continued)
31 December 2005

	Group		Company	
	2005	2004*	2005	2004*
	R000	R000	R000	R000
21. EARNINGS PER SHARE				
Basis earnings reconciliation:				
Profit attributable to equity holders of the parent	866 430	546 190		
Adjusted for:				
Preference dividends	(15 206)	–		
Profit attributable to ordinary shareholders	851 224	546 190		
Basic earnings per share is based on earnings of	851 224	546 190		
and				
on the weighted average number of shares in issue for the year (000s)	458 490	450 220		
Diluted earnings per share is based on earnings of	851 224	546 190		
and				
on the diluted weighted average number of shares in issue for the year (000s)	476 577	473 150		
Earnings per share (cents)				
Basic	185,7	121,3		
Diluted	178,6	115,4		
Headline earnings reconciliation:				
Profit attributable to ordinary shareholders	851 224	546 190		
Adjusted for:				
Impairment of property, plant and equipment	707	–		
Impairment of goodwill	39	1 969		
Share of associate company's impairment of goodwill	1 652	2 568		
Profit on sale of investments	(115)	(3 499)		
Profit on sale of plant and equipment	(4 082)	(506)		
Headline earnings	849 425	546 722		
Headline earnings per share is based on headline earnings of	849 425	546 722		
and				
on the weighted average number of shares in issue for the year (000s)	458 490	450 220		
Diluted headline earnings per share is based on headline earnings of	849 425	546 722		
and				
on the weighted average number of shares in issue for the year (000s)	476 577	473 150		
Headline earnings per share (cents)				
Basic	185,3	121,4		
Diluted	178,2	115,5		

* 2004 figures have been restated for IFRS.

21. **EARNINGS PER SHARE (continued)**

Changes to the group's prior year income statement as a result of the implementation of IFRS and the operating lease adjustments are described in detail in the transition to IFRS and operating lease adjustments notes. These adjustments have had an impact on the reported 2004 earnings and headline earnings per share.

The following table summaries that impact on basic and diluted earnings and headline earnings per share previously reported:

	2004			
	Earnings per share		Headline earnings per share	
	Basic	Diluted	Basic	Diluted
As previously reported	122,1	116,2	123,7	117,7
Adjusted for IFRS				
IFRS 2 Share Based Payments	(0,3)	(0,3)	(0,3)	(0,3)
IFRS 3 Business Combinations	1,0	0,9	(0,5)	(0,5)
IAS 16 Property, Plant and Equipment	0,6	0,6	0,6	0,6
IAS 21 The Effects of Changes in Foreign Exchange Rates	0,2	0,2	0,2	0,2
Operating lease adjustment	(2,3)	(2,2)	(2,3)	(2,2)
Restated	121,3	115,4	121,4	115,5

22. **OPERATING LEASE ADJUSTMENT**

The group changed the accounting for operating leases during the financial year with retrospective effect.

Operating lease receipts and/or expenses were previously accounted for and recorded when received or paid. The group has changed this policy and accounts for the receipt and/or expense on a straight-line basis over the period of the lease. The financial statements of the prior period have been restated to reflect this change.

The effect of the restatement on total equity at 31 December 2003 is as follows:

	Foreign Currency Translation Reserve R000	Accu-mulated Profit R000	Minority Interest R000
Balance at 31 December 2003 before IFRS adjustments	(22 271)	547 696	7 428
Operating lease adjustment	3 064	(17 516)	(394)
Restated balance	(19 207)	530 180	7 034

The effect of the restatement on profit after taxation for 2004 is as follows:

	Income Statement Effect
Decrease in profit before taxation	15 253
Taxation effect	(4 500)
Minority interest	(245)
Net decrease in profit after taxation	10 508

The effect of the restatement on the balance sheet before IFRS adjustments for 2004 is as follows:

	Previously Stated R000	Lease Adjustment R000	Restated R000
Deferred taxation asset	30 456	6 609	37 065
Trade and other receivables	441 031	1 890	442 921
Minority interest	8 100	(639)	7 461
Total equity	850 900	(22 708)	828 192
Deferred taxation liability	8 362	(4 687)	3 675
Trade and other payables	627 263	35 894	663 157

23. DIRECTORS' EMOLUMENTS AND INTERESTS

The remuneration paid to directors of the company, whilst in office, during the year ended 31 December 2005 is as follows:

	Directors Fees R000	Com-mittee Fees R000	Basic Remu-neration R000	Per-formance Bonus R000	Retirement Medical & Other Benefits R000	Share Option Gains R000	**Total 2005 R000**	Total 2004* R000
Non-executive directors								
W M Grindrod (Chairman)	190	38					**228**	203
D R D White (Deputy chairman)	90	27					**117**	103
H Adams	80						**80**	70
I M Groves	80	38					**118**	127
S M Gounden	80						**80**	–
J C Hall CBE (Retired 25 May 2005)	33	7					**40**	85
N E Mtshotshisa	80						**80**	–
R A Norton	80	44					**124**	110
R J H Whitley	80						**80**	70
From the company							**947**	768
Non-executive directors								
W M Grindrod					145		**145**	172
I M Groves					53		**53**	35
Executive directors								
I A J Clark			2 535	3 375	350	4 088	**10 348**	7 163
J G Jones			1 418	1 672	422	2 888	**6 400**	5 164
T J T McClure			1 514	7 819 **	457	2 343	**12 133**	15 657
A K Olivier			1 774	2 451	743	2 520	**7 488**	8 446
D A Rennie			1 470	1 672	1 215	3 740	**8 097**	4 916
A F Stewart			1 283	1 100	442	3 948	**6 773**	2 015
L R Stuart-Hill			1 613	1 800	595	2 126	**6 134**	6 163
From the subsidiaries							**57 571**	49 731
Total emoluments							**58 518**	50 499

** This includes R4 819 000 (2004: R1 719 333) paid in terms of a contractual arrangement entered into on acquisition of Island View Shipping.

* 2004 figures have been restated for IFRS.

23. DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

Director	Options at 01.01.2005	Options granted during the year	Options exercised during the year	Price at which options exercised (cents)	Options at 31.12.2005	Option price (cents)	Vesting dates	Expiry dates
I A J Clark	400 000		200 000	30	200 000	30	13.12.2006	13.12.2009
	300 000		100 000	30	100 000	30	03.05.2006	03.05.2010
					100 000	30	03.05.2007	03.05.2010
	500 000		100 000	110	100 000	110	25.03.2006	25.03.2012
					100 000	110	25.03.2007	25.03.2012
					100 000	110	25.03.2008	25.03.2012
					100 000	110	25.03.2009	25.03.2012
	1 000 000				200 000	239	26.11.2006	26.11.2013
					200 000	239	26.11.2007	26.11.2013
					200 000	239	26.11.2008	26.11.2013
					200 000	239	26.11.2009	26.11.2013
					200 000	239	26.11.2010	26.11.2013
	500 000				100 000	380	27.05.2007	27.05.2014
					100 000	380	27.05.2008	27.05.2014
					100 000	380	27.05.2009	27.05.2014
					100 000	380	27.05.2010	27.05.2014
					100 000	380	27.05.2011	27.05.2014
		750 000			150 000	1251	23.11.2008	23.11.2015
					150 000	1251	23.11.2009	23.11.2015
					150 000	1251	23.11.2010	23.11.2015
					150 000	1251	23.11.2011	23.11.2015
					150 000	1251	23.11.2012	23.11.2015
J G Jones	200 000		100 000	30	100 000	30	13.12.2006	13.12.2009
	120 000		40 000	30	40 000	30	03.05.2006	03.05.2010
					40 000	30	03.05.2007	03.05.2010
	600 000		150 000	58	150 000	58	01.03.2006	01.03.2011
					150 000	58	01.03.2007	01.03.2011
					150 000	58	01.03.2008	01.03.2011
	750 000				150 000	239	26.11.2006	26.11.2013
					150 000	239	26.11.2007	26.11.2013
					150 000	239	26.11.2008	26.11.2013
					150 000	239	26.11.2009	26.11.2013
					150 000	239	26.11.2010	26.11.2013
		500 000			100 000	1251	23.11.2008	23.11.2015
					100 000	1251	23.11.2009	23.11.2015
					100 000	1251	23.11.2010	23.11.2015
					100 000	1251	23.11.2011	23.11.2015
					100 000	1251	23.11.2012	23.11.2015

23. DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

Director	Options at 01.01.2005	Options granted during the year	Options exercised during the year	Price at which options exercised (cents)	Options at 31.12.2005	Option price (cents)	Vesting dates	Expiry dates
T J T McClure	570 000		190 000	30	190 000	30	03.05.2006	03.05.2010
					190 000	30	03.05.2007	03.05.2010
	400 000		100 000	58	100 000	58	01.03.2006	01.03.2011
					100 000	58	01.03.2007	01.03.2011
					100 000	58	01.03.2008	01.03.2011
	1 000 000				200 000	239	26.11.2006	26.11.2013
					200 000	239	26.11.2007	26.11.2013
					200 000	239	26.11.2008	26.11.2013
					200 000	239	26.11.2009	26.11.2013
					200 000	239	26.11.2010	26.11.2013
		500 000			100 000	1251	23.11.2008	23.11.2015
					100 000	1251	23.11.2009	23.11.2015
					100 000	1251	23.11.2010	23.11.2015
					100 000	1251	23.11.2011	23.11.2015
					100 000	1251	23.11.2012	23.11.2015
A K Olivier	400 000		200 000	30	200 000	30	13.12.2006	13.12.2009
	1 000 000				200 000	239	26.11.2006	26.11.2013
					200 000	239	26.11.2007	26.11.2013
					200 000	239	26.11.2008	26.11.2013
					200 000	239	26.11.2009	26.11.2013
					200 000	239	26.11.2010	26.11.2013
		500 000			100 000	1251	23.11.2008	23.11.2015
					100 000	1251	23.11.2009	23.11.2015
					100 000	1251	23.11.2010	23.11.2015
					100 000	1251	23.11.2011	23.11.2015
					100 000	1251	23.11.2012	23.11.2015
D A Rennie	600 000		200 000	30	200 000	30	03.05.2006	03.05.2010
					200 000	30	03.05.2007	03.05.2010
	1 000 000		250 000	58	250 000	58	01.03.2006	01.03.2011
					250 000	58	01.03.2007	01.03.2011
					250 000	58	01.03.2008	01.03.2011
	750 000				150 000	239	26.11.2006	26.11.2013
					150 000	239	26.11.2007	26.11.2013
					150 000	239	26.11.2008	26.11.2013
					150 000	239	26.11.2009	26.11.2013
					150 000	239	26.11.2010	26.11.2013
		500 000			100 000	1251	23.11.2008	23.11.2015
					100 000	1251	23.11.2009	23.11.2015
					100 000	1251	23.11.2010	23.11.2015
					100 000	1251	23.11.2011	23.11.2015
					100 000	1251	23.11.2012	23.11.2015

23. DIRECTORS' EMOLUMENTS AND INTERESTS (continued)

Director	Options at 01.01.2005	Options granted during the year	Options exercised during the year	Price at which options exercised (cents)	Options at 31.12.2005	Option price (cents)	Vesting dates	Expiry dates
A F Stewart	390 000		130 000		130 000	53	19.01.2006	19.01.2011
					130 000	53	19.01.2007	19.01.2011
					130 000	53	19.01.2008	19.01.2011
	1 600 000		320 000	110	320 000	110	18.07.2006	18.07.2012
					320 000	110	18.07.2007	18.07.2012
					320 000	110	18.07.2008	18.07.2012
					320 000	110	18.07.2009	18.07.2012
	750 000				150 000	239	26.11.2006	26.11.2013
					150 000	239	26.11.2007	26.11.2013
					150 000	239	26.11.2008	26.11.2013
					150 000	239	26.11.2009	26.11.2013
					150 000	239	26.11.2010	26.11.2013
		500 000			100 000	1251	23.11.2008	23.11.2015
					100 000	1251	23.11.2009	23.11.2015
					100 000	1251	23.11.2010	23.11.2015
					100 000	1251	23.11.2011	23.11.2015
					100 000	1251	23.11.2012	23.11.2015
L R Stuart-Hill	4 500		4 500	26				
	200 000		100 000	30	100 000	30	13.12.2006	13.12.2009
	150 000		50 000	30	50 000	30	03.05.2006	03.05.2010
					50 000	30	03.05.2007	03.05.2010
	200 000		50 000	58	50 000	58	01.03.2006	01.03.2011
					50 000	58	01.03.2007	01.03.2011
					50 000	58	01.03.2008	01.03.2011
	1 000 000				200 000	239	26.11.2006	26.11.2013
					200 000	239	26.11.2007	26.11.2013
					200 000	239	26.11.2008	26.11.2013
					200 000	239	26.11.2009	26.11.2013
					200 000	239	26.11.2010	26.11.2013
		500 000			100 000	1251	23.11.2008	23.11.2015
					100 000	1251	23.11.2009	23.11.2015
					100 000	1251	23.11.2010	23.11.2015
					100 000	1251	23.11.2011	23.11.2015
					100 000	1251	23.11.2012	23.11.2015
	13 634 500	3 750 000	2 284 500		15 660 000			

24. SHARE BASED PAYMENTS

The company has a share option scheme for certain employees of the group. The options vest over a total period of 7 years from the option date as follows:

A fifth of the options granted vest after 3 years;
A further fifth of the options vest after 4 years;
A further fifth of the options vest after 5 years;
A further fifth of the options vest after 6 years; and
A further fifth of the options vest after 7 years.

Options are exercisable at a price equal to the closing quoted market price of the company's shares on the day preceding the grant date. All options expire 10 years after the date of the grant.

Options are forfeited if the employee leaves the group before the options vest.

Details of the share options outstanding at the end of the year are set out below. All comparative information has been adjusted to account for the 5 for 1 share split which occurred in 2005 and the conversion of the "N" ordinary shares which occurred in 2004.

	Group			
	2005		2004*	
	Number share options	**Weighted average exercise price (cents)**	Number share options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	**29 501 500**	**105**	47 721 000	77
Granted during the year	**4 000 000**	**1251**	500 000	380
Exercised during the year	**(7 201 500)**	**89**	(18 719 500)	65
Outstanding at the end of the year	**26 300 000**	**295**	29 501 500	105
Exercisable at the end of the year	**630 000**		230 000	

The weighted average share price of the share options exercised during the year was R0,89. Details of the options outstanding at the end of the year are disclosed in the directors' report on page 58. In 2005, options were granted on 23 November 2005. The estimated fair values of the options granted on that date are R4,73. In 2004, options were granted on 27 May 2004. The estimated fair values of the options granted on that date are R1,90.

The fair values were calculated using a stochastic model based on the standard binomial options pricing model.

This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

* 2004 figures have been restated for IFRS.

24. SHARE BASED PAYMENTS (continued)

The valuation was performed by independent actuaries. The inputs into the model were as follows:

	Group	
	2005	2004*
Weighted average share price (cents)	1253	380
Weighted average exercise price (cents)	1253	380
Expected rolling volatility		
5 year expected option lifetime	35,27%	
6 year expected option lifetime	37,65%	
7 year expected option lifetime	45,18%	
8 year expected option lifetime		57,48%
Expected option lifetime		
Vesting periods 3 and 4	5 years	8 years
Vesting periods 5 and 6	6 years	8 years
Vesting period 7	7 years	8 years
Risk free rate based on zero-coupon government bond yield		
5 year expected option lifetime	7,41%	
6 year expected option lifetime	7,47%	
7 year expected option lifetime	7,52%	
8 year expected option lifetime		10,99%
Expected dividend yield	3,38%	3,16%
Forfeiture rate per annum compound	10,00%	10,00%

Expected volatility was determined by calculating an annualised standard deviation of the continuously compounded rates of return of the company's share. The expected life used in the model has been adjusted, based on management's best estimate, for the affects of employee turnover and exercise behaviour.

The group recognised total expenses of R1 464 000 (2004: R1 125 000) related to these equity settled share based payment transactions during the year.

25. CAPITAL COMMITMENTS

	R000	R000
Authorised and contracted for	1 194 320	813 238
Due within one year	430 644	249 338
Due thereafter – 2007	511 856	184 202
Due thereafter – 2008	251 820	157 031
Due thereafter – 2009 and thereafter	–	222 667
Authorised and not contracted for	309 260	428 939

The expenditure will be financed out of group cash resources and loan funds to be negotiated.

* 2004 figures have been restated for IFRS.

26. CONTINGENT LIABILITIES

The company has guaranteed loans and facilities of subsidiaries amounting to R1 904 618 000 (2004: R931 214 000) of which R787 017 000 (2004: R566 391 000) had been utilised at year end.

The company has guaranteed charter hire payments of a subsidiary amounting to R152 453 000 (2004: R179 298 000). The charter hire payments are due by the subsidiary in equal amounts from years 2006 to 2008.

In addition the company has guaranteed the liabilities of two subsidiaries amounting to R550 000 000 (2004: R230 000 000).

Financial guarantee contracts are accounted for as insurance contracts and consequently are measured initially at cost and thereafter in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Certain subsidiaries have been served a petition with respect to a business acquired during the year. Legal counsel have advised that the claim is unlikely to succeed.

	Group			
	2005 Year End Rates	**2005 Average Rates**	2004 Year End Rates	2004 Average Rates
27. FOREIGN CURRENCY DENOMINATED ITEMS				
All foreign currency denominated items are translated in terms of the group's policies.				
At 31 December exchange rates used on conversion were:				
US Dollar	**6,31**	**6,38**	5,65	6,47
Euro	**7,48**	**7,95**	7,71	7,70
Pound Sterling	**10,86**	**11,62**	10,91	11,08
Swedish Kroner	**1,26**	**1,27**	1,18	1,15
Australian Dollar	**4,63**	**4,57**	4,35	4,76
Danish Kroner	**0,99**	**1,01**	0,97	0,93
Japanese Yen	**0,05**	**0,05**	0,05	0,06

	1 year R000	2 – 5 years R000	>5 years R000	Group R000
28. LEASES AND SHIPCHARTERS				
28.1 OPERATING LEASES AND SHIP CHARTERS				
28.1.1 Receivables				
The minimum future lease and charter payments receivable under non-cancellable operating leases and charter party agreements are as follows:				
2005				
Land and buildings	7 038	9 486	–	16 524
Ships	598 204	816 472	–	1 414 676
	605 242	825 958	–	1 431 200
2004*				
Land and buildings	7 862	9 490	–	17 352
Ships	354 881	300 115	–	654 996
Plant and equipment	1 770	–	–	1 770
	364 513	309 605	–	674 118

* 2004 figures have been restated for IFRS.

	1 year R000	2 – 5 years R000	>5 years R000	Group R000
28. LEASES AND SHIPCHARTERS (continued)				
28.1 OPERATING LEASES AND SHIP CHARTERS				
28.1.2 Payables				
The minimum future lease and charter payments payable under non-cancellable operating leases and charter party agreements are as follows:				
2005				
Land and buildings	83 812	178 405	148 070	410 287
Ships	638 167	1 836 943	598 482	3 073 592
Plant and equipment	10 303	17 227	–	27 530
	732 282	2 032 575	746 552	3 511 409
2004*				
Land and buildings	39 354	96 433	39 030	174 817
Ships	487 075	1 586 925	704 873	2 778 873
Plant and equipment	9 318	12 746	–	22 064
	535 747	1 696 104	743 903	2 975 754

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 also has an option to acquire certain land and buildings.

28.2 FINANCE LEASES

28.2.1 Liabilities

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

	1 year R000	2 – 5 years R000	>5 years R000	Group R000
2005				
Future minimum lease payments	120 200	40 746	–	160 946
Future interest	(10 204)	(5 395)	–	(15 599)
Present value of future minimum lease payments	109 996	35 351	–	145 347
2004*				
Future minimum lease payments	30 257	101 162	–	131 419
Future interest	(8 843)	(6 775)	–	(15 618)
Present value of future minimum lease receipts	21 414	94 387	–	115 801

Details relating to redemption dates, interest rates and assets encumbered are set out in the schedule of loan funds on page 110.

* 2004 figures have been restated for IFRS.

Notes to the Financial Statements (continued)

31 December 2005

		Group		Company	
		2005	2004*	2005	2004*
		R000	R000	R000	R000
29. JOINT VENTURE INTERESTS					
The group has joint venture interests in the following companies:					
Auto Carrier Transport Properties (Pty) Ltd	Property owning	50%	–	–	–
Auto Carrier Transport (Pty) Ltd	Auto logistics	50%	50%	–	–
Boltt Grindrod (Pty) Ltd	Furniture transportation and warehousing	50%	50%	–	–
CMC Grindrod Logistics (Pty) Ltd	Container husbandry	50%	50%	–	–
Equus Investments Limited	Bunker fuel trading	50%	–	–	–
Grindrod J&J Holdings (Pty) Ltd**	Warehousing and distribution	–	50%	–	–
Handyventure Ltd	Shipowning and operating	50%	50%	–	–
Island Trading and Shipping Pte Ltd	Bulk shipping	50%	50%	–	–
Kusasa Logistics (Pty) Ltd**	Bulk handling	–	50%	–	–
Petrochemical Shipping Limited	Shipowning	50%	50%	–	–
Röhlig-Grindrod (Pty) Ltd***	Clearing and forwarding	50%	–	–	–
Seascape Commodities (Pty) Ltd	Commodity trading	50%	–	50%	–
Sheltam Grindrod Holdings (Pty) Ltd	Transport logistics	50%	–	–	–
Unicorn-Heidmar Tankers LLC	Ship operating	50%	50%	–	–

** Additional investment acquired during the year and now fully consolidated as subsidiaries

*** Additional investment acquired during the year and now consolidated as a joint venture

The proportionate interest in the joint ventures has been incorporated into the results, cash flow, assets and liabilities as follows:

	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
INCOME STATEMENT				
Revenue	543 661	486 287		
Operating income before interest and taxation	59 715	90 303		
Net interest paid	(13 206)	(13 057)		
Taxation	(11 689)	(6 337)		
Net income after taxation	34 820	70 909		
CASH FLOW				
Cash inflow from operating activities	137 712	65 453		
Cash outflow from investing activities	(562 982)	(40 243)		
Cash inflow from financing activities	475 567	11 604		
Net cash inflow	50 297	36 814		

* 2004 figures have been restated for IFRS.

	Group		Company	
	2005	2004*	2005	2004*
	R000	R000	R000	R000
29. JOINT VENTURE INTERESTS (continued)				
BALANCE SHEET				
Non-current assets	669 550	259 043		
Current assets	429 807	137 172		
Non-current liabilities	(184 762)	(150 874)		
Current liabilities	(467 755)	(120 062)		
Net assets	446 840	125 279		
Total liabilities comprise:				
Interest bearing liabilities	(335 552)	(188 532)		
Non-interest bearing liabilities	(316 965)	(82 404)		
30. CASH FLOW				
30.1 RECONCILIATION OF OPERATING PROFIT BEFORE INTEREST AND TAXATION TO CASH GENERATED FROM OPERATIONS				
Operating profit before interest and taxation	925 637	602 275	828 165	257 627
Adjustments for:				
Depreciation	121 705	75 835		
Share based payments	1 464	1 125		
Dividends received			(837 741)	(260 151)
Amortisation of intangible asset	13 524	–		
Non-cash foreign exchange (gains)/losses	(73 160)	12 472		
Fair value adjustments of financial instruments			3 677	–
Ship option write-up	(7 834)	(12 420)		
Non-cash provisions/other	28 433	43 659		
Operating profit/(loss) before working capital changes	1 009 769	722 946	(5 899)	(2 524)
Working capital changes				
Increase in inventories	(32 681)	(11 001)		
Decrease/(increase) in trade and other receivables	178 967	(180 560)	–	1 184
Increase/(decrease) in trade and other payables	211 422	104 577	520	(422)
Cash generated from/(utilised in) operations	1 367 477	635 962	(5 379)	(1 762)
30.2 DIVIDENDS PAID				
Dividends paid by company	(206 508)	(81 960)	(206 491)	(81 960)

* 2004 figures have been restated for IFRS.

Notes to the Financial Statements (continued)
31 December 2005

	Group 2005 R000	Group 2004* R000	Company 2005 R000	Company 2004* R000
30. CASH FLOW (continued)				
30.3 SHIPS, PROPERTY, PLANT AND EQUIPMENT ACQUIRED				
Additions per ships, property, plant and equipment (note 1)	(694 863)	(803 218)		
Less ships, property, plant and equipment acquired on acquisition of subsidiaries	149 019	83 242		
Less embedded derivative adjustment on ship construction contracts	–	235 130		
Add settlement of forward exchange contracts for ships	(102 291)	(74 117)		
Cash flow on acquisition of ships, property, plant and equipment	(648 135)	(558 963)	–	–
30.4 ACQUISITION OF SUBSIDIARIES AND JOINT VENTURES				
During the year the group acquired additional interests in subsidiaries and joint ventures as follows:				
Ships, property, plant and equipment	(149 019)	(83 242)		
Working capital	(788 832)	13 791		
Cash and bank	855	(8 755)		
Long-term liabilities	83 842	78 496		
Minority interest	(620)	(33)		
Deferred taxation	(4 603)	(533)		
Taxation liabilities	8 691	1 106		
Goodwill and intangible assets	(68 798)	(13 747)		
Total purchase price	(918 484)	(12 917)	–	–
Less cash and cash equivalents	(855)	8 755		
Less prepayment on investment 2004	12 922	–		
Cash flow on acquisition net of cash acquired	(906 417)	(4 162)	–	–
30.5 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow comprise the following balance sheet amounts:				
Bank balances and cash	739 522	345 655	958	1 999
Bank overdrafts	(391 951)	(88 358)		
	347 571	257 297	958	1 999

* 2004 figures have been restated for IFRS.

31. ACQUISITION OF SUBSIDIARIES AND JOINT VENTURES

During the year the group acquired the following material additional interests:

Company	% acquired	Date of acquisition
African Portland Industrial Holdings Ltd	80%	1 February
Atlas Trading & Shipping	100%	10 May
Equus Investments Ltd	50%	1 July
Seascape Commodities (Pty) Ltd	50%	1 November

The cash consideration for the businesses acquired totalled R918,5 million and the incremental profit recognised was R16,0 million.

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

Net assets acquired	Acquirees carrying amount before combination R000	Fair value adjustments R000	Fair value R000
Ships, property, plant and equipment	129 019	20 000	149 019
Goodwill and intangible assets	7 650		7 650
Working capital	786 467	2 365	788 832
Cash and bank	(855)		(855)
Long-term liabilities	(83 842)		(83 842)
Minority interest	620		620
Deferred taxation	4 603		4 603
Taxation liabilities	(8 691)		(8 691)
Total	834 971	22 365	857 336
Goodwill and intangible assets arising on acquisition			61 148
			918 484

The goodwill arising on the acquisition of these business is attributable to the anticipated profitability of the businesses.

Provisional accounting has been applied to the acquisition of African Portland Industrial Holdings Limited, and the fair values of the acquired assets will be finalised within 12 months from date of acquisition.

32. 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. Intra group transactions are eliminated on consolidation.

	Group			
	Influence holders in the group R000	Associates R000	Joint ventures R000	Amounts due by related party R000
2005				
Goods and services sold to:				
CMA CGM Shipping Agencies South Africa (Pty) Ltd		628		68
CMC Grindrod (Pty) Ltd			2 895	15
Ocean Africa Container Lines (Pty) Ltd		93 629		3 164
Petrochemical Shipping Ltd			546	–
Röhlig-Grindrod (Pty) Ltd			1 795	363
Spinnaker Shipping & Logistics (Pty) Ltd		113		9
Other transactions:				
Nicolle Shipping (Pty) Ltd	456			–
	456	94 370	5 236	3 619
2004				
Goods and services sold to:				
CMA CGM Shipping Agencies South Africa (Pty) Ltd		50		22
CMC Grindrod (Pty) Ltd			26	–
Ocean Africa Container Lines (Pty) Ltd		60 172		1 693
Petrochemical Shipping Ltd			1 294	–
Röhlig-Grindrod (Pty) Ltd		979		231
Spinnaker Shipping & Logistics (Pty) Ltd		155		–
Other transactions:				
Nicolle Shipping (Pty) Ltd	383			–
	383	61 356	1 320	1 946

32. RELATED PARTY TRANSACTIONS (continued)

Associates

Details of material investments in associates are set out in note 5. Dividends received from associate companies amounted to R5 274 000 (2004: R21 344 000).

Joint ventures

Details of interests in joint ventures are set out in notes 4 and 29.

Subsidiaries

Details of investments in subsidiaries are set out in note 3 and in the schedule of interest in subsidiaries on page 111. The company received dividends of R832 467 000 (2004: R254 779 460) 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 23 respectively.

Shareholders

The principal shareholders of the company are detailed in the share analysis schedule on pages 114 to 115.

Loan Funds as at 31 December 2005

	Date of redemption	Current rate of interest % per annum	2005 R000	2005 US$000	2004* R000	2004* US$000
SECURED						
Foreign currency financing						
Loans secured by mortgage bonds over ships						
Repayable in quarterly instalments	05/2009	5,81	53 995	8 558	54 268	9 605
Repayable in quarterly instalments	08/2010	5,66	41 961	6 650		
Repayable in bi-annual instalments	10/2012	5,00	138 820	22 000		
Repayable in quarterly instalments	03/2014	5,81	82 030	13 000		
Repayable in quarterly instalments	03/2014	5,56	111 700	17 702	113 718	20 127
Repayable in quarterly instalments	06/2014	5,56	49 988	7 922	60 331	10 678
Repayable in quarterly instalments	12/2014	5,56	49 773	7 888	57 726	10 217
Repayable in single instalment	02/2017	5,66	29 972	4 750		
Local financing						
Loan secured by mortgage bond over ships						
Repayable in quarterly instalments	05/2009	8,90	92 758		104 401	
Capitalised finance leases secured by ships						
Repayable in semi-annual instalments	12/2007	8,30	86 485		101 282	
Loans secured by mortgage bond over property, plant and equipment						
Repayable in quarterly instalments	09/2009	11,04	30 139		36 137	
Repayable in quarterly instalments	12/2009	9,30	27 963		32 889	
Repayable in quarterly instalments	12/2010	9,85	33 992		37 588	
Other capitalised finance leases and loans secured by plant and equipment			153 623		82 341	
Repaid during 2005					34 889	6 175
AGGREGATE SECURED LOANS			983 199		715 570	
Amount repayable within one year			(226 542)		(92 838)	
SECURITY						
Net book values of assets encumbered to secure loans are as follows:			1 515 406		1 346 716	
Ships			1 100 763		1 131 588	
Land and buildings			169 636		65 776	
Trade receivables			132 279		–	
Equipment, plant and vehicles			112 728		149 352	
UNSECURED						
Repaid during 2005					60 000	
AGGREGATE UNSECURED LOANS			–		60 000	
Amount repayable within one year			–		(20 000)	
AGGREGATE SECURED AND UNSECURED LOANS			983 199		775 570	
Aggregate amount repayable within one year			(226 542)		(112 838)	
NET LONG-TERM BORROWINGS			756 657		662 732	

* 2004 figures have been restated for IFRS.

Interests in Subsidiaries as at 31 December 2005

	Nature of Business **	Share Capital 2005 R000	Share Capital 2004* R000	Effective Holding 2005 %	Effective Holding 2004* %	Investments Shares at Original Cost 2005 R000	Investments Shares at Original Cost 2004* R000	Share Based Payments to Employees 2005 R000	Share Based Payments to Employees 2004* R000	Loan to Subsidiary 2005 R000	Loan to Subsidiary 2004* R000
INCORPORATED IN SOUTH AFRICA											
Grindrod Freight Investments (Pty) Limited	F	1 158	1 158	100	100	35 900	35 900	613	285	318 489	–
Grindrod Management Services (Pty) Limited	G	–	–	100	100	–	–	1 142	491	21 948	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			1 511	–
Grindrod Property Leasing (Pty) Limited	G	–	–	100	100	–	–			1 552	–
Grincor Shipping Holdings Limited	G	23	23	100	100	144 451	144 450				
Unicorn Shipping (Pty) Limited	S	–	–	100	100	–	–			21	21
Island View Shipping (Pty) Limited	S	5	5	100	100	5 000	5 000	575	313		
ISS-Voigt Shipping (Pty) Limited	F	10 000	10 000	100	100	–	–				
Seasure Insurance Brokers (Pty) Limited	I	–	–	100	100	–	–			576	–
Southern Tankers (Pty) Limited	S	10	10	100	100	7 521	7 521			3 085	3 085
Grindrod (South Africa) (Pty) Limited	S	204	204	100	100	82 050	82 050	162	162		
Unicorn Shipping Holdings Limited	S	1 500	1 500	100	100	146 895	156 534			2 803	–
Unicorn Shipping Operations (Pty) Limited	S	–	–	100	100	–	–				
Grindrod Shipping (SA) (Pty) Limited	S	1	–	81	–	1	–				
INCORPORATED IN BRITISH VIRGIN ISLANDS											
Swallow Enterprises Incorporated	G	415	415	100	100	415	415			5 689	5 992
INCORPORATED IN ISLE OF MAN											
Grindrod International Limited	S	32 000	–	100	100	1 025 331	149 297	299	76	470	–
INTEREST IN SUBSIDIARIES (note 3)						1 458 160	591 763	2 791	1 327	356 144	50 312

** Nature of Business

D – Dormant

F – Freight and Financial Services

G – Group and Property Services

I – Insurance

S – Shipping Services

T – Travel

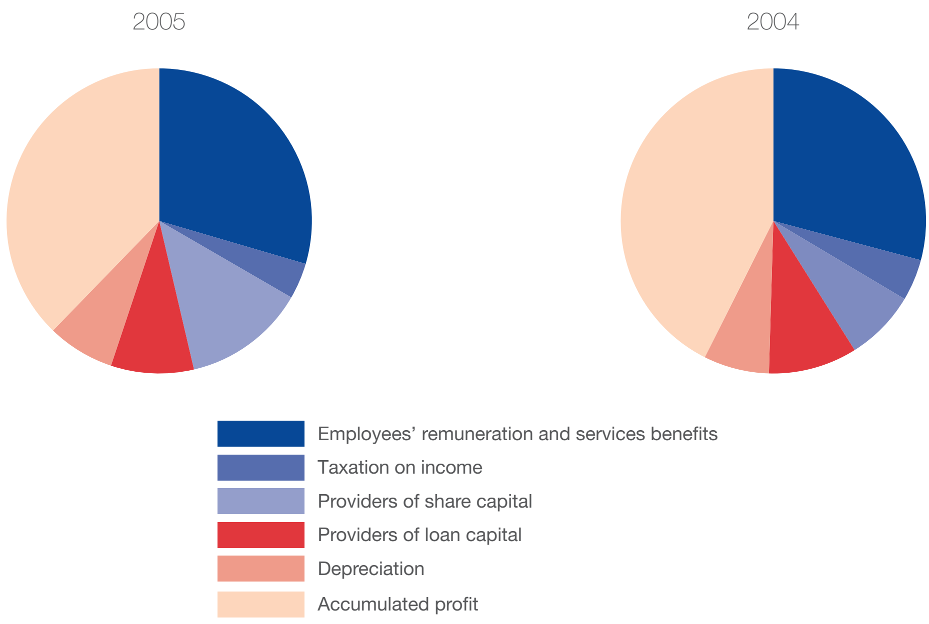
Value Added Statement for the year ended 31 December 2005

	Group			
	2005		2004*	
	R000	%	R000	%
Revenue	7 449 145		2 974 325	
Net cost of services	(5 734 143)		(1 865 398)	
Value added by operations	1 715 002		1 108 927	
Non-trading items	3 451		2 036	
TOTAL VALUE ADDED	1 718 453		1 110 963	
APPLIED AS FOLLOWS				
Employees' remuneration and service benefits	504 574	29,4	317 775	28,6
Taxation on income	75 829	4,4	68 691	6,2
Providers of share capital	221 697	12,9	81 960	7,4
Providers of loan capital	149 915	8,7	102 472	9,2
Reinvested in the business				
Depreciation	121 705	7,1	75 835	6,8
Accumulated profit	644 733	37,5	464 230	41,8

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

* 2004 figures have been restated for IFRS.

Distribution of Wealth



MONETARY EXCHANGES WITH GOVERNMENTS

Description of monetary exchange	2005 Paid/ (received) R000	2004 Paid/ (received) R000
Direct taxes	75 829	68 691
South African normal tax	72 506	67 810
Foreign tax	3 102	881
Secondary tax on companies	221	–
Employees tax	102 821	51 465
Indirect taxes	1 063 209	434 707
Net VAT received	(50 513)	(48 754)
Customs and excise duties	1 099 467	475 224
RSC levies	5 200	3 541
Municipal rates or property taxes	5 987	3 539
Other	3 068	1 157
NET MONETARY EXCHANGES WITH GOVERNMENTS	1 241 859	554 863

Share Performance

	2005		2004*		2003		2002		2001	
	Ordinary	Preference	Ordinary	"N" Ordinary	Ordinary	"N" Ordinary	Ordinary	"N" Ordinary	Ordinary	"N" Ordinary
Market price per share (cents)										
Opening	790	10 000	238	240	140	124	102	100	61	58
Year end	1 300	11 650	790	–	238	240	140	124	102	100
Highest	1 315	11 650	800	–	240	240	140	135	102	103
Lowest	770	10 000	240	–	123	118	102	96	58	52
Number of shares(000)	461 626	5 000	454 610	–	175 160	305 525	175 085	297 400	189 250	307 395
– in issue	461 626	5 000	454 610	–	175 160	305 525	208 245	321 275	207 575	346 110
– treasury	–	–	–	–	–	–	(33 160)	(23 875)	(18 325)	(38 715)
Number of transactions recorded	28 654	788	10 973	–	226	1 169	287	1 314	306	1000
Number of shares traded (000)	238 429	2 185	206 155	–	49 210	38 445	18 835	66 030	30 810	138 410
Volume of shares traded as % of total issued shares	51,6	43,7	45,3	–	28,1	12,6	9,0	20,6	14,8	40,0
Value of shares traded (R000)	988 417	230 706	995 310	–	108 676	65 123	23 496	75 405	22 845	103 301
Market capitalisation (Rm)	6 001,1	582,5	3 591,4		1 150,1		689,9		558,6	
PE ratio	7,0		6,4		4,7		4,0		4,2	
Dividend yield	4,0		4,4		5,0		5,7		5,5	
Earnings yield	14,3		15,7		21,1		25,0		23,9	

The share prices have been restated to give effect to the subdivision for comparison purposes.

* 2004 figures have been restated for IFRS.

Analysis of Ordinary Shareholders
at 31 December 2005

	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
SHAREHOLDERS' SPREAD				
1 – 5 000 shares	6 208	63,2	14 495 034	3,1
5 001 – 10 000 shares	1 488	15,1	12 074 432	2,6
10 001 – 50 000 shares	1 524	15,5	35 854 444	7,8
50 001 – 100 000 shares	266	2,7	19 839 895	4,3
Over 100 001 shares	345	3,5	379 362 405	82,2
	9 831	100,0	461 626 210	100,0
Non-public shareholders				
– directors	15	0,2	110 061 574	23,8
– directors' associates	14	0,1	14 736 750	3,2
Public shareholders	9 802	99,7	336 827 886	73,0
	9 831	100,0	461 626 210	100,0
INVESTOR PROFILE				
Banks	76	0,8	35 083 555	7,6
Pension Funds	134	1,4	31 310 199	6,8
Growth Funds & Unit Trusts	203	2,0	37 310 405	8,1
Nominee Companies & Trusts	1 277	13,0	34 794 849	7,5
Investment Companies	15	0,1	32 512 874	7,0
Insurance Companies	29	0,3	27 340 132	5,9
Medical Aid Schemes	5	0,1	77 365	0,0
Public Companies	10	0,1	467 555	0,1
Private Companies	311	3,2	145 734 871	31,6
Other Corporations	154	1,6	2 214 053	0,5
Close Corporations	202	2,0	3 610 072	0,8
Individuals	7 415	75,4	111 170 280	24,1
	9 831	100,0	461 626 210	100,0
TOP 20 BENEFICIAL SHAREHOLDERS				
W M Grindrod			76 249 559	16,5
B Morrison			33 125 420	7,2
Old Mutual Group			26 609 676	5,8
M Lawson			25 925 600	5,6
I A J Clark			15 905 045	3,4
Metropolitan			15 496 176	3,4
Liberty Group			13 752 605	3,0
Standard Bank			9 771 535	2,1
Public Investment Corporation			8 502 290	1,8
Investment Solutions			7 297 398	1,6
Nedbank Group			6 301 608	1,4
Investec			6 101 855	1,3
I M Groves			5 450 000	1,2
A Morrison			5 350 000	1,2
Transnet Pension Fund			4 559 600	1,0
Stanlib Funds			4 366 965	0,9
Eskom Pension & Provident Fund			4 163 955	0,9
Ellerine Brothers			3 500 000	0,8
A Lawson			3 220 320	0,7
A K Olivier			2 954 250	0,6
			278 603 857	60,4

	Number of Shares	% of Shares
TOP 10 FUND MANAGERS		
Stanlib Asset Management	31 441 097	6,8
Old Mutual Asset Managers	30 859 261	6,7
Metropolitan Asset Management	20 511 710	4,4
Oasis Asset Management	9 407 078	2,0
Investec Asset Management	6 723 650	1,5
Foord Asset Management	6 590 455	1,4
Nedcor Securities	5 461 632	1,2
Futuregrowth Asset Management	5 071 470	1,1
Flagship Asset Management	4 241 000	0,9
Public Investment Corporation	4 002 290	0,9
	124 309 643	26,9
TOP 10 OFFSHORE INVESTORS		
State Street Bank & Trust Co (USA)	2 837 723	0,6
Citibank (USA)	2 595 440	0,6
Vanguard (USA)	1 512 590	0,3
Investors Bank & Trust Company (USA)	1 382 372	0,3
Abu Dhabi Investment Authority (UAE)	1 365 765	0,3
SIS SegaInterSettle AG (Switzerland)	1 215 100	0,3
JP Morgan Chase (UK)	1 088 717	0,2
Bank of New York (USA)	1 046 945	0,2
Dimensional Fund Advisors (USA)	758 150	0,2
Bear Stearns (USA)	675 280	0,1
	14 478 082	3,1

Analysis of Preference Shareholders

at 31 December 2005

	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
SHAREHOLDERS' SPREAD				
1 – 5 000 shares	1 044	88,1	1 771 805	35,4
5 001 – 10 000 shares	79	6,7	668 981	13,4
10 001 – 50 000 shares	51	4,3	1 047 204	20,9
50 001 – 100 000 shares	7	0,6	528 726	10,6
Over 100 001 shares	4	0,3	983 284	19,7
	1 185	100,0	5 000 000	100,0
Non-public shareholders				
– directors	3	0,3	510 000	10,2
– directors' associates	4	0,3	127 588	2,6
Public shareholders	1 178	99,4	4 362 412	87,2
	1 185	100,0	5 000 000	100,0
INVESTOR PROFILE				
Banks	4	0,3	304 594	6,0
Pension Funds	19	1,6	263 103	5,3
Growth Funds & Unit Trusts	34	2,9	393 879	7,9
Nominee Companies & Trusts	284	24,0	1 144 550	22,9
Investment Companies	3	0,3	25 581	0,5
Public Companies	5	0,4	193 490	3,9
Private Companies	64	5,4	795 132	15,9
Other Corporations	17	1,4	90 894	1,8
Close Corporations	13	1,1	18 016	0,4
Individuals	742	62,6	1 770 761	35,4
	1 185	100,0	5 000 000	100,0
TOP 10 PREFERENCE SHAREHOLDERS				
Basfour 2052 (Pty) Limited			491 500	9,8
Peregrine Equities			202 594	4,1
Milnerton Estates Limited			178 390	3,6
Oasis Balanced Unit Trust Fund			110 800	2,2
Marriott Merchant Bank Limited			100 000	2,0
Nailsea Trust			100 000	2,0
National Tertiary Retirement Fund			76 400	1,5
W Roseberg			75 600	1,5
W Gruzd			63 926	1,3
Namib-GIFP Sovereign			61 800	1,2
			1 461 010	29,2

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

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
Barclays Bank PLC, South African Branch
First National Bank of Southern Africa Limited
Investec Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Foreign
Calyon – S.A.
Nordea Bank
Standard Chartered Merchant Bank
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
2196

Postal address
PO Box 783676
Sandton
2146

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

Shareholders' Diary for 2006

Financial year end	31 December
Annual general meeting	24 May

Notice of annual general meeting and form of proxy are included in 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

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT THE THIRTY NINTH ANNUAL GENERAL MEETING OF MEMBERS OF GRINDROD LIMITED WILL BE HELD IN THE BOARDROOM, 1ST FLOOR, QUADRANT HOUSE, 115 VICTORIA EMBANKMENT, DURBAN ON WEDNESDAY 24 MAY 2006 AT 14H30 FOR THE FOLLOWING PURPOSES:

1. To receive and adopt the audited financial statements for the year ended 31 December 2005.

2. To re-elect retiring directors in accordance with the articles of association. Motions for re-election will be moved individually.

   In accordance with article 59 of the articles of association Messrs H Adams, I A J Clark, W M Grindrod, A K Olivier and A F Stewart and retire by rotation and being eligible, offer themselves for re-election. The credentials of these directors are provided on pages 12 to 15 of the annual report.

3 To consider and confirm the directors fees paid for the year ended 31 December 2005 as set out in note 23 to the annual financial statements.

4 To consider and approve the fees to the non-executive directors for the periods 1 January 2006 to 30 June 2006 and 1 July 2006 to 30 June 2007, respectively as set out below:

	01.01.2006 to 30.06.2006 R	01.07.2006 to 30.06.2007 R
Board		
Chairman	105 000	210 000
Deputy chairman	50 000	100 000
Director	45 000	90 000
Audit Committee		
Chairman	15 000	30 000
Member	12 250	24 500
Remuneration Committee		
Chairman	14 250	28 500
Member	12 000	24 000

5. To confirm the appointment of the auditors, Deloitte & Touche for the ensuing year.

6. To authorise the directors to determine the remuneration of the auditors for the past year's audit.

As special business, to consider and if deemed fit, pass with or without modification the following special and ordinary resolutions

7. **Special resolution 1**

   "Resolved that the directors of the company be and are hereby authorised, by way of a general approval, to repurchase on behalf of the company, ordinary shares of 0,002 cent each ("ordinary shares") issued by the company, in terms of sections 85 to 90 of the Companies Act, 1973 (Act 61 of 1973), as amended, and in terms of the Listings Requirements of JSE Limited ("JSE") being that:

   – any such repurchase of ordinary shares shall be implemented on the open market of the JSE;

   – this general authority shall only be valid until the company's next annual general meeting; provided that it shall not extend beyond 15 months from the date of passing of this special resolution;

   – an announcement will be published for every 3% of the ordinary shares in issue, in aggregate, repurchased by the company, containing full details of such acquisitions in accordance with section 5.79 of the Listings Requirements;

Notice of Meeting (continued)

– in terms of this general approval, the acquisition of ordinary shares in any one financial year may not exceed, in aggregate, 20% of the company's issued share capital of that class, at the time that approval is granted, and the acquisition of shares by a subsidiary of the company may not exceed 10% in the aggregate, in any one financial year, of the number of issued shares of the company of that class;

– in determining the price at which ordinary shares issued by the company are repurchased by it in terms of this general approval, the maximum premium at which such ordinary shares may be repurchased is 10% of the weighted average of the market value at which such ordinary shares are traded, respectively, on the JSE as determined over the five trading days immediately preceding the day on which the transaction was agreed;

– the company may only undertake a repurchase of shares if, after such repurchase, it still complies with paragraphs 3.37 to 3.41 of the Listings Requirements concerning shareholder spread requirements; and

– the company or its subsidiary may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the Listings Requirements."

Reason and effect of Special Resolution 1

The reason for and the effect of the special resolution is that the general approval for the company to acquire its own shares which was renewed by special resolution at the annual general meeting of 25 May 2005 will lapse at this annual general meeting and this special resolution will renew that authority which will then remain in effect until the next succeeding annual general meeting, providing that this shall not extend beyond 15 months from the date of the special resolution.

8. **Ordinary resolutions**

8.1 Ordinary resolution 1:

"Resolved that the unissued ordinary shares in the capital of the company reserved for the purpose of the company's share option scheme, continue to be placed under the control of the directors, who shall be authorised to issue these shares at such times and on such terms as they may determine."

8.2 Ordinary resolution 2:

"Resolved that, after providing for the shares reserved for the purpose of the company's share option scheme, the balance of the unissued ordinary shares in the capital of the company continue to be placed under the control of the directors who are hereby authorised, in accordance with the provisions of section 221 of the Companies Act, 1973, to allot and issue these shares at such times and on such terms as they may determine, subject to the Listings Requirements of the JSE, and provided any shares issued in terms of this authority for cash or otherwise, shall not exceed 10% of the company's issued share capital."

8.3 Ordinary resolution 3:

"Resolved that, subject to not less than 75% of the votes of those shareholders present in person or by proxy and entitled to vote being cast in favour of this resolution, the directors are authorised by way of a general authority to issue all or any of the authorised but unissued ordinary shares in the capital of the company for cash, as and when suitable opportunities arise subject to the following limitations:

– the securities issued shall be of a class already in issue;

– that a press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of shares of that class in issue prior to the issues;

– that issues in the aggregate in terms of this authority will not exceed 10% of the number of shares in the company's issued share capital of each relevant class in any one financial year;

– in determining the price at which an issue of ordinary shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the shares of that class, over the thirty business days prior to the date that the price of the issue is determined or agreed by the directors of the company;

– that any such issue will only be made to public shareholders as defined in the Listings Requirements of the JSE, and not to related parties; and

– this general authority shall only be valid until the company's next annual general meeting; provided that it shall not extend beyond 15 months from the date of passing of this resolution."

8.4 Ordinary resolution 4:

"Resolved that the allotment and issue of ordinary shares to the directors referred to below, insofar as they exercise their options granted on 23 November 2003 in terms of the company's share option scheme, be approved in terms of Section 222(1)(a) of the Companies Act, 1973 as amended:

	Number of options granted
I A J Clark	1 000 000
A K Olivier	1 000 000
L R Stuart-Hill	1 000 000
T J T McClure	1 000 000
D A Rennie	750 000
J G Jones	750 000
A F Stewart	750 000 "

8.5 Ordinary resolution 5:

"Resolved that the directors of the Company shall be entitled to pay by way of a reduction of the share premium account, in lieu of a dividend, an amount equal to the amount which the directors of the Company would have declared and paid out of profits in respect of the company's interim and final dividends for the financial year ending 31 December 2006, subject to the following conditions:

– in terms of paragraph 5.86 of the JSE Listing Requirements, any general payment will not exceed 20% of the Company's issued share capital.

– this general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this ordinary resolution number 5".

9. To transact such other business as may be transacted at an annual general meeting.

The directors, after considering the maximum number of shares which may be repurchased and the price at which such repurchases may take place pursuant to the general repurchase approval and the effect of the general repayment, are of the opinion that:

– the company and the group will be able to pay its debts in the ordinary course of business for a period of 12 months after the date of the Notice of the Annual General Meeting;

– the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards (IFRS), will be in excess of the consolidated liabilities of the company and the group after the repurchase for a period of 12 months after the date of the Notice of the Annual General Meeting; and

– the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of Notice of the Annual General Meeting; and

– the working capital available to the company and the group will be adequate for the purposes of the business of the company and the group for the period of 12 months after the date of Notice of the Annual General Meeting.

Notice of Meeting (continued)

Information related to JSE Listings Requirement 11.26 can be found in the annual report on the page references below

	Page no.
Directors and management	12
Responsibility statement	55
Directors' interests in securities	59
Material change	60
Share capital of the company	87
Litigation statement	102
Major shareholders	114

Preference shareholders

Preference shareholders are entitled to receive copies of correspondence related to all shareholder meetings. It is to be noted that in respect of the annual general meeting to be held on 24 May 2006, preference shareholders are entitled to attend the meeting and to vote together with ordinary shareholders in respect of special resolution 1 and ordinary resolution 5 related to a general authority to repurchase ordinary shares and authority to distribute share premium in lieu of dividend, respectively.

Proxies

A member registered as such (either as the holder of shares in certificated form and whose name is reflected in the register of company members, or as the holder of shares in dematerialised form and whose name is reflected in a sub-register maintained by a CSDP) is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead should he/she be unable to attend the annual general meeting, but wishes to be represented thereat. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the office of the Transfer Secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) at least 48 hours before the commencement of the meeting. Shareholders who have dematerialised their shares in Grindrod such that their holdings are no longer recorded in their own names should arrange with their CSDP or broker for the necessary authority to attend the annual general meeting. Should they be unable, or do not wish to attend but wish to be represented at the meeting, they should provide their CSDP or broker with their voting instructions in terms of the agreements entered into between the shareholder and CSDP or broker concerned.

BY ORDER OF THE BOARD

C A S Robertson
Group Secretary

Durban
11 April 2006

Designed by motiv

PRINTED BY INCE (PTY) LTD

Form of Proxy

GRINDROD LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1966/009846/06)
(Share code: GND & GNDP ISIN: ZAE 000072328 & ZAE 000071106)
("the Company")

(To be used by certificated shareholders and dematerialised shareholders with own name registration)

For use at the annual general meeting of shareholders of the Company to be held in the Boardroom, 1st Floor, Quadrant House, 115 Victoria Embankment, Durban at 14h30 on Wednesday 24 May 2006.

I/We (BLOCK LETTERS) ______________________________

of ______________________________

being the registered holder/s of ______________ ordinary shares ______________

in the capital of the Company hereby appoint:

1. ______________ of ______________ or failing him/her, ______________

2. ______________ of ______________ or failing him/her, ______________

3. the chairman of the annual general meeting,

as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held in the Boardroom, 1st Floor, Quadrant House, 115 Victoria Embankment, Durban at 14h30 on Wednesday 24 May 2006 and at any adjournment thereof as follows:

	RESOLUTION	IN FAVOUR OF	AGAINST	ABSTAIN
1.	Approval of annual financial statements			
2.	Re-election of directors retiring by rotation			
2.1	H Adams			
2.2	I A J Clark			
2.3	W M Grindrod			
2.4	A K Olivier			
2.5	A F Stewart			
3	Confirm the directors fees for the year to 31.12.2005			
4	Approve the fees to non-executive directors to 30.06.2007			
5.	Confirmation of appointment of auditors			
6.	Remuneration of the auditors			
7.	Renewal of authority to repurchase own shares			
8.1	Directors authority to issue shares reserved for the share option scheme			
8.2	General authority for directors to issue shares			
8.3	Authority to directors to issue shares for cash			
8.4	Authority to allot shares excercised in terms of the share option scheme by executive directors			
8.5	General authority to distribute from share premium account in lieu of dividends			

(Indicate instruction by a "X" in the space provided)

Unless otherwise instructed, my proxy may vote as he/she thinks fit.

A member entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The proxy need not be a member of the company.

Signed this ______________ day of ______________ 2006

Signature/s ______________

REGISTERED OFFICE
Quadrant House
115 Victoria Embankment
Durban, 4001
(PO Box 1, Durban, 4000)

TRANSFER SECRETARIES
Computershare Investor Services 2004 (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Notes

1. Only shareholders who are recorded in the register of members of the company who have not dematerialised their shares or who hold dematerialised shares in their own name must complete the form of proxy or alternatively attend the meeting.

   Beneficial shareholders whose shares are not registered in their own name but in the name of another, e.g. a nominee, must not complete the form of proxy or attend the meeting unless a proxy is issued to them by the registered shareholder. Beneficial shareholders who are not also registered shareholders should contact the registered shareholder to issue instructions on voting or to obtain a proxy to attend the meeting.

2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting". The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. Any deletion, alteration or correction to this form of proxy must be initialled by the signatory/ies.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company.

5. Forms of proxy must be lodged at, or posted to, the registered office of the Transfer Secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by not later than 14h30 on Monday 22 May 2006.

6. The completion and lodging of this form of proxy will not preclude the shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.

7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these notes.

8. A form of proxy shall be deemed to include the rights to demand or join in demanding a poll.

9. Shareholders, who have either dematerialised their company shareholdings (such that these holdings are no longer recorded in their own names in the sub-registers maintained by Central Securities Depository Participants (CSDP's), are not company members as defined. Such shareholders who wish to attend the company's annual general meeting should arrange with their CSDP's or brokers for the necessary authority to attend the annual general meeting. Such shareholders who are unable, or do not wish, to attend the annual general meeting, but wish to be represented thereat, should provide their CSDP or brokers with their voting instructions in sufficient time to enable the CSDP's or brokers to lodge forms of proxy or appoint a representative for the meeting.

Terms and Expressions

BAREBOAT CHARTER
Charter party 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

BUNKERS
A ships fuel

CAPESIZE BULK CARRIER
Bulk carrier between 100 000 and 180 000 dwt

CHARTER
Document evidencing a contract between shipowner and charterer or cargo owner and the shipowner and disponent owner

CHARTERER
The hirer of a vessel from the owner either for a period of time or a voyage

CHARTER PARTY
Conditions under which a charterer hires a vessel

CHEMICAL TANKERS
A tanker, usually not larger than 40 000 dwt, designed to carry numerous bulk liquid chemical products, often in stainless steel tanks, in isolated compartments (also termed "parcels")

CONTAINERSHIP
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 10 000 and 40 000 dwt

HANDYMAX BULK CARRIER
Bulk carrier between 40 000 and 60 000 dwt

LINER SHIPPING OPERATIONS
Operators who trade ships according to a schedule between specified ports

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

OPERATOR
An operator who trades in ships and cargo

PANAMAX BULK CARRIER
Bulk carrier with a maximum beam of 32.2 metres and of between 60 000 and 100 000 dwt

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

SHIPPING POOL/JOINT SERVICES AGREEMENT
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
Charter party 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

GRINDROD
LIMITED

www.grindrod.co.za