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THE RELEASE, PUBLICATION OR DISTRIBUTION OF THIS PRE-LISTING STATEMENT (AS DEFINED BELOW) IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW AND THEREFORE PERSONS IN ANY SUCH JURISDICTIONS INTO WHICH THIS PRE-LISTING STATEMENT IS RELEASED, PUBLISHED OR DISTRIBUTED SHOULD INFORM THEMSELVES ABOUT AND OBSERVE SUCH RESTRICTIONS. ANY FAILURE TO COMPLY WITH THE APPLICABLE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OF ANY SUCH JURISDICTION. THIS PRE-LISTING STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR ISSUE, OR THE SOLICITATION OF AN OFFER TO PURCHASE OR TO SUBSCRIBE FOR SHARES OR OTHER SECURITIES OR A SOLICITATION OF ANY VOTE OR APPROVAL IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

THE ORDINARY SHARES TO BE ISSUED IN CONNECTION WITH THE PROPOSED TRANSACTION HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY UNITED STATES STATE SECURITIES LAWS. THE ORDINARY SHARES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR UNDER AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC (AS DEFINED BELOW) OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE PROPOSED TRANSACTION OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE LISTING REQUIREMENTS AND OTHER SOUTH AFRICAN REGULATIONS GOVERNING THE PREPARATION AND DISSEMINATION OF FINANCIAL STATEMENTS DIFFER FROM STANDARDS AND REGULATIONS IN OTHER JURISDICTIONS, INCLUDING THE UNITED STATES, WHICH MAY RESULT IN DIFFERENCES IN THE PRESENTATION OF THE FINANCIAL STATEMENTS BETWEEN JURISDICTIONS.

CANADIAN INVESTORS ARE ADVISED THAT THIS EMAIL AND THE DOCUMENT ATTACHED HERETO MAY ONLY BE TRANSMITTED IN THOSE JURISDICTIONS IN CANADA AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE, AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. THE DOCUMENT ATTACHED HERETO IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THE DOCUMENT ATTACHED HERETO OR THE MERITS OF THE SECURITIES DESCRIBED THEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THE DISTRIBUTION OF THE SECURITIES REFERRED TO IN THE DOCUMENT ATTACHED HERETO IS BEING MADE ON A PRIVATE PLACEMENT BASIS ONLY AND IS EXEMPT FROM THE REQUIREMENT THAT THE COMPANY PREPARE AND FILE A PROSPECTUS WITH THE RELEVANT CANADIAN SECURITIES REGULATORY AUTHORITIES.

ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE DOCUMENT.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Pre-Listing Statement and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Pre-Listing Statement. In accessing the Pre-Listing Statement, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Pre-Listing Statement is confidential and intended only for you and **you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the Pre-Listing Statement (electronically or otherwise) to any other person.**

This Pre-Listing Statement and the Proposed Transaction when made are only addressed to and directed at persons in member states of the European Economic Area (“**EEA**”) who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state of the EEA) and any implementing measure in each relevant member state of the EEA (the “**EU Prospectus Directive**”) (“**Qualified Investors**”). In addition, in the United Kingdom (“**UK**”), this pre-listing statement is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This pre-listing statement must not be acted on or relied on (i) in the UK, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the UK, by persons who are not Qualified Investors. Any investment or investment activity to which this pre-listing statement relates is available only to (i) in the UK, relevant persons, and (ii) in any member state of the EEA other than the UK, Qualified Investors, and will be engaged in only with such persons.

In South Africa, the offer contemplated in terms of the Proposed Transaction (“**Offer**”) will only be made by way of private placement to, and be capable of acceptance by, persons falling within the exemptions set out in section 96(1)(a) of the Companies Act No 71 of 2008 (“**Companies Act**”) and to whom the Offer will specifically be addressed (“**Qualifying Investors**”) and the Pre-Listing Statement is only being made available to such Qualifying Investors. The Offer does not constitute an offer for the sale of or subscription for, or the advertisement or the solicitation of an offer to buy and/or to subscribe for, ordinary shares to the public as defined in the Companies Act and will not be distributed to any person in South Africa in any manner that could be construed as an offer to the public in terms of the Companies Act. Should any person who is not a Qualifying Investor receive the Pre-Listing Statement, they should not and will not be entitled to acquire any Offer shares or otherwise act thereon. The Pre-Listing Statement does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act. Accordingly, the Pre-Listing Statement does not comply with the substance and form requirements for prospectuses set out in the Companies Act and the South African Companies Regulations of 2011 and has not been approved by, and/or registered with, the Companies and Intellectual Property Commission. The JSE Limited has approved the Pre-Listing Statement. Information made available in the Pre-Listing Statement should not be considered as “advice” as defined in the South African Financial Advisory and Intermediary Services Act No 37 of 2002, and nothing in the Pre-Listing Statement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

This Pre-Listing Statement and any other material relating to the ordinary shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Pre-Listing Statement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of ordinary shares may not be issued, circulated or distributed, nor may the ordinary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) (“**Institutional Investor**”) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) (“**Relevant Person**”) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the ordinary shares are subscribed or purchased under Section 275 of the SFA by a Relevant Person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA) ("**Accredited Investor**")) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor, or a trust (where the trustee is not an Accredited Investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor, the securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired any securities pursuant to an offer made in reliance on an exemption under Section 275 of the SFA except:

- (i) to an Institutional Investor pursuant to Section 274 of the SFA or to a Relevant Person, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA or (in the case of such trust) where the transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Confirmation of your representation: By accepting electronic delivery of this Pre-Listing Statement, you are deemed to have represented to the Sponsors and the Company (as each such capitalised term is defined in the Pre-Listing Statement) that (i) if you are in the UK, you are a relevant person; (ii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor; (iii) the securities acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the EU Prospectus Directive to Qualified Investors; (iv) if you are in South Africa, or any person for whom you are acting is in South Africa, you (and any such person) are a Qualifying Investor; (v) if you are in Singapore, you agree to be bound by the conditions, disclaimers, limitations and restrictions contained in this Pre-Listing Statement and the SFA in relation to your offer, holding and subsequent transfer of the ordinary shares and you are (a) an Institutional Investor, or (b) a Relevant Person or any person pursuant to Section 275(1A) of the SFA; and (vi) if you are outside the US, UK, EEA and South Africa (and the electronic mail address that you gave us and to which the Pre-Listing Statement has been delivered is not located in such jurisdictions) you are a person into whose possession this Pre-Listing Statement may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

For investors resident in Alberta, British Columbia, Ontario and Québec (the "**Relevant Provinces**"): You acknowledge and agree that: (a) the securities described in the attached document are only being distributed in Canada to investors resident in the Relevant Provinces; (b) you are, or any ultimate purchaser for which you are acting is, entitled under applicable Canadian securities laws to participate in the offering without the benefit of a prospectus qualified under applicable Canadian securities laws, and without limiting the generality of the foregoing, you are (i) resident in a Relevant Province (ii) not an individual, (iii) an "accredited investor" as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* and are receiving this email from a registered Canadian dealer, or an "accredited investor" who is a "permitted client", as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, of a dealer relying on the "international dealer exemption", which dealer has sent this email; (c) where required by law, you are, or you are deemed to be, participating in the offering as principal in accordance with the applicable securities laws of the province in which you reside for your own account and not as agent for the benefit of another person or as trustee; (d) you were not created solely to participate in the offering or to hold the shares as an "accredited investor"; (e) securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if an offering memorandum such as the attached document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory and that a purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser; and (e) hereby confirm that you have expressly requested that all documents evidencing or relating in any way to the sale of the securities described in the attached document (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only.

If the Pre-Listing Statement has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company or the Sponsors any of its respective affiliates, Directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the Pre-Listing Statement distributed to you in electronic format and any hard copy version. By accessing the Pre-Listing Statement you consent to receiving it in electronic form.

A hard copy of the Pre-Listing Statement will be made available to you only upon request.

You are reminded that the Pre-Listing Statement has been made available to you solely on the basis that you are a person into whose possession the Pre-Listing Statement may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Pre-Listing Statement, electronically or otherwise, to any other person.

Restriction: This electronic transmission does not constitute, or be used in connection with, an offer of securities for sale to persons other than the specified categories of qualified or qualifying buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

None of the Sponsors or any of its respective affiliates, or any of its respective Directors, officers, employees or agents accepts any responsibility whatsoever for the contents of the Pre-Listing Statement or for any statement made or purported to be made by it, or on its behalf, in connection with the Company, Grindrod or the offer contemplated in terms of the Proposed Transaction. The Sponsors and any of its respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such Pre-Listing Statement or any such statement. No representation or warranty express or implied, is made by any of the Sponsors or any of its respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in the Pre-Listing Statement.

The Sponsors are acting exclusively for the Company, Grindrod and no one else in connection with the Proposed Transaction. It will not regard any other person (whether or not a recipient of this Pre-Listing Statement) as its client in relation to the Offer and will not be responsible to anyone other than the Company and Grindrod for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of the Pre-Listing Statement via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



Grindrod Shipping Holdings Ltd.
(formerly Grindrod Shipping Holdings Pte. Ltd.)
(incorporated in Singapore)
(Registration number: 201731497H)
JSE share code: GSH
ISIN: SG9999019087

PRE-LISTING STATEMENT

This Pre-Listing Statement:

- ***is issued in compliance with the Listings Requirements;***
- ***has been prepared on the assumption that the shareholders' resolutions proposed in the notice of the General Meeting, forming part of the Circular to which this Pre-Listing Statement is attached will be passed at the General Meeting of Grindrod Shareholders and the Proposed Transaction shall become effective and be implemented; and***
- ***should be read in conjunction with the Circular (to which this Pre-Listing Statement is attached detailing the Proposed Transaction together with the Form 20-F (which is attached the Circular) relating to the listing of the Shares on NASDAQ.***

The definitions and interpretations contained under the heading "Definitions, Glossary and Interpretations" commencing on page 8 of this Pre-Listing Statement will apply to this entire document, including the cover page, except where the context indicates a contrary intention.

On 25 April 2018, the Company was converted from a private company to a public company and it changed its name from "Grindrod Shipping Holdings Pte. Ltd." to "Grindrod Shipping Holdings Ltd." and the Company adopted its present Constitution.

On 23 March 2018, the Company entered into the Sale Agreements in terms whereof it acquired all of the shares held by Grindrod in GSSA and GSPL. The Company will settle the purchase consideration through the issue of the Compulsorily Notes to Grindrod. The mechanism through which the Consideration Shares will be issued by the Company to the Grindrod Shareholders is through the Distribution of the Compulsorily Convertible Notes to the Grindrod Shareholders. The Compulsorily Convertible Notes are automatically convertible into the Consideration Shares which will be issued by the Company to the Grindrod Shareholders. The Consideration Shares together with the pre-existing issued Share comprise the entire issued Share Capital of the Company at Listing.

The Consideration Shares rank *pari passu* with the existing issued Share, in all respects. The Company's Shares have no par value and there is no authorised but unissued capital under Singapore law. The Company does not have any treasury shares. This Pre-Listing Statement is not an invitation to the general public to purchase or subscribe for the Consideration Shares, but is issued in compliance with the Listings Requirements.

It is currently estimated that the price at which each of the Compulsorily Convertible Notes will be converted into a Consideration Share will be the face value of approximately US\$ 16.82 each, being in aggregate US\$ 320,683,000.

The Consideration Shares will be delivered in dematerialised form only and, accordingly, no documents of title will be issued to the Grindrod Shareholders.

The JSE has conditionally approved the Listing of all of the issued Shares in the "Industrials-Transportation Services" sector of the Main Board of the JSE under the abbreviated name GRINSHIP, share code "GSH" and ISIN: SG9999019087, subject to the Company obtaining the requisite spread of shareholders required by the Listings Requirements and the Proposed Transaction being approved by the Grindrod Shareholders. Following the Listing, all the issued Shares of the Company will be listed on the exchange operated by the JSE (as a secondary listing) and NASDAQ (as a primary listing), in compliance with both the JSE's and NASDAQ's requirements and the laws of South Africa and the United States. The Company has filed the Form 20-F (which relates to the registration of the Shares under section 12(b) of the United States Securities Exchange Act of 1934) and its Shares have been approved for listing on NASDAQ.

At the date of Listing, the issued Shares will not exceed 19 063 833 Shares. The Company's entire share capital consists of shares of no par value and there will be no other class of shares or shares in issue by the Company at the date of Listing.



**Lead Financial Advisor
and Transaction Sponsor**



Financial Advisor



Corporate Sponsor



**Auditors and Independent
Reporting Accountant**



**South African Legal
and Tax Advisor**



US Legal Advisor



Singapore Counsel



**Singapore-based
Co-ordinating Counsel**

The Directors, whose names are set out in “*Management and Corporate Governance*” on page 20 of this Pre-Listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained herein and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-Listing Statement contains all information required by law, the Listings Requirements and, to the extent applicable, the requirements of NASDAQ.

The Auditor and Independent Reporting Accountant, whose reports are contained in this Pre-Listing Statement, have given and have not, prior to the date of this Pre-Listing Statement, withdrawn their written consents to the inclusion of their reports in the form and context in which they appear herein. The Legal Advisors, Sponsors, Financial Advisor, Auditors and Independent Reporting Accountants, and Transfer Secretaries named in this Pre-Listing Statement have consented in writing to act in those capacities as stated in this Pre-Listing Statement, and have not withdrawn their consent prior to the publication of this Pre-Listing Statement.

This Pre-Listing Statement is only available in English and copies thereof may be obtained (by persons entitled to participate in the Distribution) during normal business hours from 9h00 to 18h00 in Singapore from 7 May 2018 until 19 June 2018 from the Company, at its registered physical address which appears in the “*Corporate Information*” section on page 5 of this Pre-Listing Statement.

This Pre-Listing Statement will also be available on Grindrod’s website at www.grindrod.com and at 8A Protea Place, Sandton, and Johannesburg, Gauteng, South Africa from 7 May 2018 to 19 June 2018.

Listing dates:

Primary listing of Grindrod Shipping (Grindrod Shipping Shares) on NASDAQ with effect from the commencement of business (09h30 GMT -04:00, being 15h30 South African Standard Time)	Monday, 18 June 2018
Secondary inward listing of Grindrod Shipping (Grindrod Shipping Shares) ISIN SG9999019087 with alpha code GSH and short name GRINSHIP on the JSE with effect from the commencement of business (09h00 South African Standard Time)	Tuesday, 19 June 2018

All times referred to in this Pre-Listing Statement are times in South African Standard Time (SAST or UCT+2), unless otherwise stated.

The Distribution is subject to the conditions set out in “*Particulars of the Distribution – The Distribution*” commencing on page 28 of this Pre-Listing Statement.

DISCLAIMER

The distribution of this Pre-Listing Statement and the issue of the Consideration Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company or the Sponsors to permit a public offering of the Shares. No action has been, or will be, taken to permit the possession or distribution of this Pre-Listing Statement (or any other offering or publicity materials or application form(s) relating to the Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Pre-Listing Statement, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Pre-Listing Statement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. Further information with regard to the restrictions on the distribution of this Pre-Listing Statement and the Distribution is set out on page 28 "*Particulars of the Distribution*".

None of the Company, Legal Advisors, Auditors and Independent Reporting Accountant or Sponsors, nor any of their respective representatives, is making any representation to any subscriber of the Shares regarding the legality of an investment in the Shares by such subscriber under the law applicable to such subscriber. The contents of this Pre-Listing Statement should not be construed as legal, financial or tax advice. Each Grindrod Shareholder should consult his, her or its own legal, financial or tax adviser as to the legal, financial, business, tax and related aspects of a subscription for Shares.

The Sponsors, Legal Advisors and Auditors and Independent Reporting Accountant are acting exclusively for the Company and no one else in connection with the Distribution. They will not regard any other person (whether or not a recipient of this Pre-Listing Statement) as their respective clients in relation to the Distribution and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Distribution or any transaction or arrangement referred to herein.

No representation or warranty, express or implied, is made by each of the Sponsors, Lead Financial Advisor, Auditors and Legal Advisors as to the accuracy, completeness or verification of the information set out in this Pre-Listing Statement, and nothing contained in this Pre-Listing Statement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Each of the Company, Sponsors, Lead Financial Advisor, Auditors and Legal Advisors assumes no responsibility for this Pre-Listing Statement's accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in delict, tort, contract or otherwise which they might otherwise be found to have in respect of this Pre-Listing Statement or any such statement.

Neither the delivery of this Pre-Listing Statement nor any sale made hereunder shall under any circumstances imply there has been no change in the Company's affairs or that the information set forth in this Pre-Listing Statement is correct as of any date subsequent to the date hereof.

The Grindrod Shareholders also acknowledge that: (i) they have not relied on the Legal Advisors, Auditors and Independent Reporting Accountant or Sponsors or any person affiliated with the Legal Advisors, Auditors and Independent Reporting Accountant or Sponsors in connection with any investigation of the accuracy of any information contained in the Disclosure Package or their investment decision; (ii) they have relied only on the information contained in the Disclosure Package; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Consideration Shares (other than as contained in this Pre-Listing Statement) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, Legal Advisors, Auditors and Independent Reporting Accountant or Sponsors.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. See "*Particulars of the Distribution*" commencing on page 28 of this Pre-Listing Statement. Furthermore, the Shares are fully paid up.

The Grindrod Shareholders should be aware that they may be required to bear the financial risks of their investment in the Shares for an indefinite period of time.

In connection with the Distribution, each of the Grindrod Shareholders may take up a portion of the Shares in the Distribution as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) such securities and any Shares or related investments in connection with the Distribution or otherwise.

The issue of the Consideration Shares is, among other things, subject to the GSSA SPA, GSPL SPA, and the Implementation Agreement becoming unconditional. It should be noted that the only conditions to Listing on both the JSE and NASDAQ is the Company meeting the relevant listing requirements of the JSE and NASDAQ, including the shareholder spread requirement and the approval of the Proposed Transaction by the Grindrod Shareholders. The shareholder spread requirement in terms of the Distribution is that which enables the Company to ensure that the Company has, once the Consideration Shares have been issued, met the shareholder spread requirement, as prescribed by the Listings Requirements and the NASDAQ listing requirements.

The Listing Requirements and other South African regulations governing the preparation and dissemination of financial statements differ from standards and regulations in other jurisdictions, including the US, which may result in differences in the presentation of the financial statements between jurisdictions.

IMPORTANT LEGAL NOTES

Last Practicable Date

Unless the context clearly indicates otherwise, all information provided in this Pre-Listing Statement is provided as at the Last Practicable Date.

Special note in regard to the Distribution

This is not an offer to the general public or any person in any jurisdiction and only exists to issue the Consideration Shares to the Grindrod Shareholders, and is only addressed to persons to whom it may lawfully be made. The distribution of this Pre-Listing Statement and the issuing of the Consideration Shares may be restricted by law. It is the responsibility of any person into whose possession this Pre-Listing Statement comes to inform themselves about, and observe, any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of the laws or regulations of any such jurisdiction.

The Grindrod Shareholders should not treat the contents of this Pre-Listing Statement as advice relating to legal, taxation, investment or any other matters and should consult their own professional advisers concerning the consequences of their acquiring, holding or disposing of Consideration Shares. The Grindrod Shareholders should inform themselves as to:

- the legal requirements within their own countries for the acquisition, holding, transfer or disposal of Consideration Shares;
- any foreign exchange restrictions applicable to the acquisition, holding, transfer or disposal of Consideration Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the acquisition, holding, transfer or disposal of Consideration Shares.

The Grindrod Shareholders must rely upon their own representatives, including their own legal advisers and accountants, and not those of the Company, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

The Consideration Shares will only be issued to the Grindrod Shareholders. The mechanism through which the Consideration Shares will be issued by the Company to the Grindrod Shareholders is through the Distribution of the Compulsorily Convertible Notes to the Grindrod Shareholders. The Compulsorily Convertible Notes are automatically convertible into the Consideration Shares which will be issued by the Company to the Grindrod Shareholders.

Accordingly: (i) the issue of the Consideration Shares is not an offer to the public as contemplated in the Companies Act; (ii) this Pre-Listing Statement does not, nor does it intend to, constitute a "registered prospectus", as contemplated by the Companies Act; and (iii) no prospectus has been filed with the CIPC in respect of the issue of the Consideration Shares. As a result, this Pre-Listing Statement does not comply with the substance and form requirements for prospectuses set out in the Companies Act and the South African Companies Regulations of 2011 and has not been approved by, and/or registered with, the CIPC, or any other South African authority. The JSE has approved this Pre-Listing Statement.

The information contained in this Pre-Listing Statement constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act No 37 of 2002 (as amended) and should not be construed as an express or implied recommendation, guidance or proposal that any particular transaction in respect of the Consideration Shares is appropriate to the particular investment objectives, financial situations or needs of a Grindrod Shareholder, and nothing in this Pre-Listing Statement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

To the extent that this Pre-Listing Statement is provided to persons within and outside South Africa the following is noted:

Special note regarding forward-looking statements

This Pre-Listing Statement contains statements about the Company that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry in which the Company operates; operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. Any statements about the Company's expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "believe", "aim", "foresee", "forecast", "target", "likely", "should", "may", "potential", "will", "will likely result", "are expected to", "will continue", "believe", "is anticipated", "estimated", "intends", "expects", "plans", "seek", "projection" and "outlook". These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Pre-Listing Statement.

These forward looking statements, including, among others, those relating to our future business prospects, revenues and income, wherever they may occur in this Pre-Listing Statement and the annexures to this Pre-Listing Statement, are necessarily estimates and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward looking statements. As a consequence, these forward looking statements should be considered in light of various important factors, including those set forth in this Pre-Listing Statement. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward looking statements include, without limitation:

- our future operating or financial results;
- the strength of world economies, including, in particular, in China and the rest of the Asia Pacific region;
- cyclicalities of the drybulk and tanker markets, including general drybulk and tanker shipping market conditions and trends, including fluctuations in charter hire rates and vessel values;
- changes in supply and demand in the drybulk and tanker shipping industries, including the market for our vessels;
- changes in the value of our vessels;
- statements about business strategy and expected capital spending or operating expenses, including drydocking, surveys, upgrades and insurance costs;
- competition within the drybulk and tanker industries;
- seasonal fluctuations within the drybulk and tanker industries;
- our ability to employ our vessels in the spot market and our ability to enter into time charters after our current charters expire;
- general economic conditions and conditions in the oil and coal industry;
- our ability to satisfy the technical, health, safety and compliance standards of our customers, especially major oil companies and oil producers;
- the failure of counterparties to our contracts to fully perform their obligations with us;
- our ability to execute our growth strategy;
- international political conditions;
- potential disruption of shipping routes due to weather, accidents, political events, natural disasters or other catastrophic events;
- vessel breakdowns;
- corruption, piracy, military conflicts, political instability and terrorism in locations where we may operate;
- fluctuations in interest rates and foreign exchange rates;
- changes in the costs associated with owning and operating our vessels;
- changes in, and our compliance with, governmental, tax, environmental, health and safety regulations;
- potential liability from pending or future litigation;
- our ability to procure or have access to financing, our liquidity and the adequacy of cash flows for our operations;
- the continued borrowing availability under our debt agreements and compliance with the covenants contained therein;
- our ability to fund future capital expenditures and investments in the construction, acquisition and refurbishment of our vessels;
- our dependence on key personnel;
- our expectations regarding the availability of vessel acquisitions and our ability to complete acquisitions as planned;
- adequacy of our insurance coverage;
- effects of new technological innovation and advances in vessel design;
- our ability to realize the benefits of the Spin-Off;
- unforeseen costs and expenses related to the Spin-Off;
- our ability to operate as an independent entity; and
- the other factors set out on pages 2 – 5 of the Form 20-F.

We undertake no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this Pre-Listing Statement or to reflect the occurrence of unanticipated events.

The Grindrod Shareholders should note that any forward-looking statement made in this Pre-Listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors may emerge from time to time that could cause the business of the Company, or other matters to which such forward-looking statements relate, not to develop as expected and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results or matters to differ materially from those contained in any forward-looking statement are not known. The Company has no duty, and does not intend, to update or revise the forward-looking statements contained in this Pre-Listing Statement after the Last Practicable Date, except as may be required by law and the Listings Requirements.

Jurisdiction and service of process in the United States and enforcement of foreign judgments in South Africa

The Company is a public company incorporated under the laws of Singapore. None of its Directors or members of senior management is a resident or citizen of the United States, and all or a substantial portion of the assets of the Company and of such persons are located outside the United States. As a result, it may not be possible for Grindrod Shareholders to effect service of process within the United States upon such persons or to enforce any judgments, including judgments predicated upon the civil liability provisions of the securities laws or regulations of the United States or any state or territory within the United States.

The majority of the Company's assets are located in Singapore. As a matter of policy, South African courts are inclined to enforce foreign judgments, provided certain thresholds are satisfied, particularly in view of the principles of comity and reciprocity. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action that will be enforced by South African courts, provided that:

- the court that pronounced the judgment had jurisdiction and international competence to entertain the case according to the principles recognised by South African law with reference to the jurisdiction of foreign courts. A foreign judgment may not be recognised in South Africa if the foreign court exercised jurisdiction over the defendant in circumstances where a South African court would not exercise jurisdiction over a defendant (even where the foreign court exercised jurisdiction in line with its domestic procedures);
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice, which require that the documents initiating the foreign proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal. Usually, a fundamental breach of justice or procedural unfairness is relevant and not merely minor procedural irregularities;
- the judgment was not obtained by fraudulent means;
- the judgment must not be in conflict with a South African statute;
- the judgment does not involve the enforcement of a penal or revenue law of the foreign state; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the South African Protection of Businesses Act No 99 of 1978 (as amended) (the "**Protection Act**"). The Protection Act requires that consent of the Minister of Trade and Industry be sought for enforcement of certain judgments, but South African courts have to date interpreted this requirement as applying only in circumstances where the claim is connected in one or other way to raw materials and products.

It is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system, such awards handed down in foreign jurisdictions are not necessarily contrary to public policy. However, the Protection Act may bar the award of punitive damages in transactions subject to the Protection Act. Whether or not the enforcement or recognition of a foreign judgment is contrary to public policy will depend on the facts of each case. Exorbitant, unconscionable or excessive awards will generally be contrary to public policy. In this respect, in one instance, an award of punitive damages, which was equivalent to 100% of ordinary damages was held to be excessive and was not enforced, but much will depend on the circumstances of each case. South African courts will not enter into the merits of a foreign judgment and will not act as a court of appeal or review over a foreign court. The South African courts' assessment of foreign judgments is usually confined to jurisdictional and procedural matters, although public policy (including considerations pertaining to the Constitution of the Republic of South Africa, 1996) imports certain substantive dimensions.

South African courts will usually implement their own procedural laws and, where an action based on a contract governed by a foreign law is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law. It is doubtful whether an original action based on the securities laws or regulations of the United States or any state or territory within the United States can be brought directly before South African courts.

A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore, the rules of the High Court of South Africa require that documents executed outside South Africa may need to be authenticated for use in South Africa.

CORPORATE INFORMATION

Company's registered office

10 Anson Road
#32-15 International Plaza
Singapore 079903

Company secretary

Shirley Lim Guat Hua
10 Anson Road
#32-15 International Plaza
Singapore 079903

South African Legal and Tax Advisor to the Company and Grindrod

Edward Nathan Sonnenbergs Incorporated
150 West Street
Sandton, 2196
(PO Box 783347, Sandton, 2146, South Africa)

US Legal Advisor to the Company and Grindrod

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York,
United States of America
10004

Singapore Counsel to the Company and Grindrod

Wong Tan & Molly Lim LLC
(Registration number 200209714K)
80 Robinson Road #17-02
Singapore 068898

Singapore-based Co-ordinating Counsel to the Company and Grindrod

Watson Farley and Williams LLP
6 Battery Road #28-00
Singapore 049909

Lead Financial Advisor and Transaction Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
Registration number 1929/001225/06
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Financial Advisor to the Company and Grindrod

Clarksons Platou Securities, Inc.
CRD: 30882, SEC Reg: 8-45221
280 Park Avenue, 21st floor
New York, NY 10017
United States

Auditors and Independent Reporting Accountants

Deloitte and Touche
2 Pencarrow Crescent
Pencarrow Park, La Lucia Office Estate
La Lucia, 4051
(PO Box 243, Durban, 4000)

Transfer Secretaries

Link Market Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
13th Floor,
19 Ameshoff Street,
Braamfontein, 2000
(PO Box 4844, Johannesburg, 2000)

Continental Stock Transfer & Trust Company
1 State Street
30th Floor
New York
United States

Corporate Sponsor

Grindrod Bank Limited
(Registration number 1994/007994/06)
3rd Floor, Grindrod Towers SA Protea Place
Sandton, 2196
(PO Box 78011, Sandton, 2146)

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SALIENT DATES AND TIMES

2018

Record Date to determine which Shareholders are entitled to receive the Disclosure Package	Thursday, 26 April
Publication date of abridged Pre-Listing Statement	Monday, 7 May
Disclosure Package posted to Shareholders, declaration of the Grindrod Distribution and notice convening the General Meeting published on SENS	Monday, 7 May
Last day to trade in Grindrod Shares in order to be recorded in the Register in order to participate in and vote at the General Meeting	Tuesday, 22 May
Record Date in order to be entitled to participate in and vote at the General Meeting	Friday, 25 May
General Meeting to be held at Grindrod House, 108 Margaret Mncadi Avenue, Durban at 14h00 on	Monday, 4 June
Results of the General Meeting and finalisation announcement in respect of the Grindrod Distribution to be published on SENS by 11h00	Tuesday, 5 June
Expected last day to trade in order to be recorded in the Register on the Grindrod Distribution Record Date	Tuesday, 12 June
Grindrod Distribution Record Date	Friday, 15 June
Implementation Date	Monday, 18 June
Primary listing of Grindrod Shipping (Grindrod Shipping Shares) on NASDAQ with effect from the commencement of business (09h30 GMT -04:00, being 15h30 South African Standard Time)	Monday, 18 June
Secondary inward listing of Grindrod Shipping (Grindrod Shipping Shares) ISIN SG9999019087 with alpha code GSH and short name GRINSHIP on the JSE with effect from the commencement of business (09h00 South African Standard Time) on	Tuesday, 19 June

Notes:

1. The dates and times indicated in the table above are subject to change. Any material change will be released on SENS and published in the South African press.
2. All times referred to in this Pre-Listing Statement are references to South African Standard Time unless otherwise indicated.
3. Forms of Proxy may also be handed to the Company or to the Chairman at any time before the due commencement of the General Meeting.
4. Share certificates may not be dematerialised or rematerialised between Wednesday, 13 June 2018 and Friday, 15 June 2018, both days inclusive.

DEFINITIONS, GLOSSARY AND INTERPRETATIONS

In this Pre-Listing Statement, unless otherwise stated or the context clearly indicates otherwise, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words importing one gender include the other genders and references to a person include juristic persons and associations of persons and *vice versa*:

“AFS”	annual financial statements of the Company;
“Auditors and “Independent Reporting Accountants”	Deloitte & Touche (Practice number 902276);
“Board of Directors”, “Board” or “Directors”	the board of Directors of the Company and “Director” means any one of the Directors as the context may require;
“Broker”	any person registered as a “broker member equities” in terms of the rules of the JSE in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa, Singapore and in the United States from time to time;
“CIPC”	the Companies and Intellectual Property Commission established in terms of section 185 of the Companies Act, or its successor body;
“Circular”	the category 1 circular issued to Grindrod Shareholders in respect of the disposal of GSPL and GSSA to GRIN and the General Meeting;
“Clarksons”	Clarksons Platu Securities Inc. CRD: 30882, SEC registration: 8-45221 a company incorporated in accordance with the laws of the US;
“Common Monetary Area”	collectively, the Republic of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Company” or “GSHL” or “GRIN” “Grindrod Shipping” or “We” or “Us”	Grindrod Shipping Holdings Ltd., registration number 201731497H, a public company incorporated under the laws of Singapore and with its principal place of business at 200 Cantonment Road, #03-01 Southpoint, Singapore 089763;
“Conversion”	the conversion of Grindrod Shipping from a private company to a public company under the laws of Singapore and the change of its name from “Grindrod Shipping Holdings Pte. Ltd.” to “Grindrod Shipping Holdings Ltd.”, which took effect from 25 April 2018;
“Companies Act”	the South African Companies Act, No 71 of 2008, as amended and substituted from time to time;
“Competition Act”	the South African Competition Act, No 89 of 1998, as amended and substituted from time to time;
“Competition Commission”	the South African Competition Commission, established in terms of the Competition Act;
“Compulsorily Convertible Notes” or “GRIN CCNs”	collectively the GSSA CCNs and the GSPL CCNs;
“Consideration Shares”	up to 19 063 832 Shares which shall constitute part of the issued share capital of the Company at Listing;
“Constitution”	the constitution of the Company, as amended and substituted from time to time;
“CPI”	consumer price index;
“CSDP”	a Central Securities Depository Participant, a “participant” as defined in section 1 of the Financial Markets Act duly authorised by a central securities depository in terms of the depository rules pursuant to section 32 of the Financial Markets Act;
“CSTTC”	Continental Stock Transfer & Trust Company, a company incorporated in accordance with the laws of the United States;
“Deadweight tonne” or “dwt”	the unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tons) the vessel can carry, including cargo, bunkers, water, stores, spares and crew at a specified draft;
“Disclosure Package”	this PLS, the Circular and the Form 20-F posted together;
“Distribution” or “Grindrod Distribution”	the distribution <i>in specie</i> to be declared by Grindrod in favour of the Grindrod Shareholders, consisting in the aggregate of the Compulsorily Convertible Notes;
“Distribution Record Date”	close of business in South Africa on Friday, 15 June 2018 being the last day for Grindrod Shareholders to be recorded in the registers in order to be entitled to participate in the Distribution;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act No 9 of 1933, as amended;
“Financial Advisor”	Clarksons;
“Financial Markets Act”	the South African Financial Markets Act, No 19 of 2012, as amended and substituted from time to time;
“Financial Year”	a period of 12 months ended on the last day of December of that particular year;
“Form 20-F”	the registration statement on Form 20-F filed by the Company with the SEC on Friday, 23 March 2018, as may from time to time be amended;
“Form of Proxy”	means the form of proxy attached to and forming part of the Circular;

"FSP"	forfeitable share plan;
"General Meeting"	the general meeting of Grindrod Shareholders and Grindrod preference shareholders to be held at Grindrod House, 108 Margaret Mncadi Avenue, Durban at 14h00 South African Standard Time on Monday, 4 June 2018 for the purposes of considering and, if deemed fit, passing the resolutions necessary to authorise and implement the Proposed Transaction;
"Grindrod" or "Parent"	Grindrod Limited, registration number 1966/009846/06, a public company incorporated in accordance with the laws of South Africa and listed in the Industrial Goods and Services sector of the Main Board of the JSE and with its principal place of business at 106 Margaret Mncadi Avenue, Durban;
"Grindrod Board"	the board of Directors of Grindrod;
"Grindrod Group"	Grindrod, its subsidiaries, associates and joint ventures;
"Grindrod Shares"	ordinary shares with a par value of 0.002 cents each in the share capital of Grindrod;
"Grindrod Shareholders"	holders of Grindrod Shares who are entitled to receive the Distribution;
"Grindrod Shipping Business" or "Shipping"	the business of each of GSPL and GSSA;
"Grindrod Shipping Business Disposal" or "Disposal" or "Spin-Off" or "Demerger and Distribution"	the sale by Grindrod on the Implementation Date to the Company of all the shares it holds in (i) GSPL in exchange for the GSPL CCNs; and (ii) GSSA in exchange for the GSSA CCNs;
"Grindrod Shipping Shareholders"	holders of Grindrod Shipping Shares;
"GSHL Group"	the Company, GSSA and GSPL and each of their respective subsidiaries;
"GSPL"	Grindrod Shipping Pte. Ltd., registration number 200407212K, a private company incorporated under the laws of Singapore;
"GSPL CCNs"	the 16 626 600 GSPL Compulsorily Convertible Notes to be issued by GSHL to Grindrod, on the terms set out in the GSPL SPA, as settlement of the consideration due in terms of the GSPL SPA;
"GSPL Constitution"	the constitution of GSPL as amended and substituted from time to time;
"GSPL SPA"	the share purchase agreement dated 23 March 2018 between Grindrod and GSHL, in terms of which all of the issued shares in GSPL will be sold by Grindrod to GSHL, with the consideration settled by way of GSHL issuing the GSPL CCNs to Grindrod;
"GSPL Transitional Services Agreement"	the transitional services agreement dated 24 April 2018 between Grindrod and GSPL in terms of which Grindrod will provide, among other things, internal audit services, corporate secretarial services, information technology and such other financial and management services through varying times in 2019 to GSPL;
"GSSA"	Grindrod Shipping (South Africa) Proprietary Limited, registration number 1975/002219/07, a private company with limited liability incorporated under the laws of South Africa;
"GSSA CCNs"	the 2 437 232 GSSA Compulsorily Convertible Notes to be issued by GSHL to Grindrod, on the terms set out in the GSSA SPA, as settlement of the consideration due in terms of the GSSA SPA;
"GSSA SPA"	the share purchase agreement dated 23 March 2018 between Grindrod and GSHL, in terms of which all of the issued shares in GSSA will be sold by Grindrod to GSHL, with the consideration settled by way of GSHL issuing GSSA CCNs to Grindrod;
"GSSA Transitional Services Agreement"	the transitional services agreement dated 23 April 2018 between Grindrod and GSSA in terms of which Grindrod will provide, among other things, internal audit services, corporate secretarial services, information technology and such other financial and management services through varying times in 2019 to GSSA;
"IFRS"	the International Financial Reporting Standards as issued by the International Accounting Standards Board, as amended from time to time;
"Implementation Agreement"	the agreement dated 23 March 2018 between Grindrod, GSHL, GSPL and GSSA, in terms of which the Proposed Transaction will be implemented;
"Implementation Date"	Monday, 18 June 2018, which date is expected to be the Implementation Date of the Distribution but which may be amended by way of an announcement in the South African press and on SENS;
"Income Tax Act"	Income Tax Act, No. 58 of 1962, and the regulations thereunder, as amended from time to time;
"JSE"	JSE Limited, registration number 2005/022939/06, a public company duly registered and incorporated with limited liability under the company laws of South Africa under, licensed as an exchange under the Financial Markets Act;
"JV"	Joint Venture;
"King Code"	the South African Code of Corporate Practices and Conduct as set out in the fourth King Report on Corporate Governance as amended and substituted from time to time;
"Last Practicable Date"	Tuesday, 24 April 2018, being the last date, prior to finalisation of this Pre-Listing Statement, on which information could be included in this Pre-Listing Statement;
"Lead Financial Advisor"	RMB;
"Legal Advisors"	collectively, South African Legal and Tax Advisors, US Legal Advisor and Singapore Legal Advisors;
"Listing"	the admission and listing of the Shares as a primary listing on the exchange operated by the NASDAQ and a secondary listing on the exchange operated by the JSE;
"Listing Date"	the date of the admission and listing of the Shares as a primary listing on the exchange operated by the NASDAQ, which is expected to be 18 June 2018, being the day before the admission and listing of the Shares as a secondary listing on the exchange operated by the JSE;

“Listings Requirements”	the JSE Listings Requirements (as amended and substituted from time to time);
“LMSSA”	Link Market Services South Africa Proprietary Limited registration number 2000/007239/07, a private company duly registered and incorporated under the laws of South Africa;
“NASDAQ”	the NASDAQ Global Select Market;
“Non-Resident Shareholder”	a shareholder who is not considered to be ordinarily resident in the Common Monetary Area in terms of the Exchange Control Regulations;
“OACL” and “Ocean Africa Container Lines”	Ocean Africa Container Lines, a division of Grindrod (South Africa) Proprietary Limited, registration number 1933/004726/07, a private company duly registered and incorporated in accordance with the laws of South Africa, formerly a division of GSSA;
“Pre-Listing Statement” or “PLS”	this entire document and all annexures to it;
“Promoter”	MS Nominees Pte Ltd, registration number 200001310K, a company incorporated under the laws of Singapore whose registered office is at 10 Anson Road #32-15, International Plaza, Singapore 079903 and having registered shareholders Lim Peng Huat and Shirley Lim Guat Hua and which holds the sole share in the Company prior to the implementation of the Spin-Off, on behalf of Quah Ban Huat;
“Proposed Transaction”	the proposed transaction set out in the Introduction section of this Pre-Listing Statement;
“Qualifying SA Corporate(s)”	a Grindrod Shareholder in respect of whom the relevant CSDP, Broker or other Regulated Intermediary has, by no later than 12h00 on the Implementation Date, informed the Transfer Secretaries that such Grindrod Shareholder has submitted to it the prescribed documentation contemplated in section 64FA (2) (a) of the Income Tax Act on which it has indicated that it is a SA Corporate; or a Certificated Shareholder which has, by no later than 12h00 on the Implementation Date, submitted to Grindrod the prescribed documentation contemplated in section 64FA(2)(a) of the Income Tax Act on which it has indicated that it is a SA Corporate;
“Register”	means the securities register of the Company;
“Regulated Intermediary”	a regulated intermediary as contemplated in section 64D of the Income Tax Act;
“RMB”	Rand Merchant Bank (a division of FirstRand Bank Limited), registration number 1929/001225/06 a public company duly incorporated in accordance with the laws of South Africa;
“SA Corporate”	a person envisaged in section 64F (1) (a) of the Income Tax Act being “a company which is a resident” for tax purposes in South Africa;
“Sale Agreements”	collectively, the GSPL SPA and GSSA SPA;
“SEC”	the United States Securities and Exchange Commission;
“SENS”	the Stock Exchange News Service of the JSE;
“Shares” or “Grindrod Shipping Shares”	the issued and paid-up shares of the Company, which comprise ordinary shares of no par value issued by the Company;
“Singapore”	the Republic of Singapore;
“Singapore Companies Act”	the Companies Act, Chapter 50 of Singapore or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act of Singapore for the time being in force concerning companies and affecting the Company;
“Singapore Counsel”	Wong Tan & Molly Lim LLC;
“Singapore Legal Advisors”	collectively, Singapore Counsel and Singapore-based Co-ordinating Counsel;
“Singapore-based Co-ordinating Counsel”	Watson Farley and Williams LLP;
“Sponsors”	both the Transaction Sponsor and the Corporate Sponsor;
“South Africa”	the Republic of South Africa;
“South African Legal and Tax Advisors”	Edward Nathan Sonnenbergs Incorporated;
“South African Rand”, “Rand”, “R”, “ZAR” and “cents”	the lawful currency of South Africa;
“SGD”	the lawful currency of Singapore;
“Strate”	Strate Proprietary Limited, a private company incorporated in South Africa under registration number 1998/022242/07, and registered as a central securities depository in terms of Financial Markets Act and responsible for the electronic custody and settlement system used by the JSE;
“Strate System”	an electronic custody, clearing and settlement environment, managed by Strate, for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
“South African STT”	a tax levied on the transfer of a security in terms of the South African Securities Transfer Tax Act No 25 of 2007, as amended and substituted from time to time;
“Transaction Sponsor”	RMB;
“Transfer Secretaries”	LMSSA in respect of the South African registered branch and CSTTC in respect of the United States registered branch or LMSSA and CSTTC collectively, (as the context may require);
“Unicorn Bunker Barges” or “Unicorn Bunker Services”	Unicorn Bunker Services Proprietary Limited (registration number 1999/021004/07), formerly a wholly owned subsidiary of GSSA;
“United States”	the United States of America;
“US Legal Advisor”	Fried, Frank, Harris, Shriver & Jacobson LLP; and
“US Dollar”, “\$” and “US\$”	the lawful currency of the United States.

IMPORTANT FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The Company's combined financial statements and, unless otherwise indicated, other financial information concerning the Company included in this Pre-Listing Statement, are presented in U.S. Dollars. The Company has prepared its combined financial statements in accordance with IFRS, as issued by the International Accounting Standard Board. Instances of departure from these reporting standards are described in the "Basis of preparation of combined financial statements" in the notes to the combined financial statements. The Directors of the Company are responsible for the preparation of the combined financial statements and believe that the basis of preparation fairly presents the Company's historical information.

The audited combined financial statements as of and for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 are presented as combined financial statements and have been derived from combining the financial statements of Grindrod Limited's two shipping business subsidiaries, namely GSPL and GSSA (but in relation to GSSA, excluding Unicorn Bunker Services and OACL, which were sold by GSSA in January 2018) that the Company will acquire immediately prior to the Spin-Off, and their respective underlying accounting records. The principles of IFRS 10 consolidated financial statements are not applicable to the aggregated information except insofar as intercompany transactions and balances between the Company and Grindrod are eliminated. The historical combined financial information has been prepared with the objective of presenting the results and net assets of the Company over the periods presented. Consequently, this historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved, had the Company operated independently for the periods presented. Furthermore, it may not be indicative of the financial results in future periods.

Condensed Financial Information

The historical column in the condensed statement of financial position and statement of profit or loss included in this Pre-Listing Statement has been derived from the audited combined financial statements of GSPL and GSSA (but in relation to GSSA excluding Unicorn Bunker Services and OACL which were sold by GSSA in January 2018), as of and for the fiscal year ended 31 December 2017 and gives effect to the Spin-Off. Grindrod Shipping's Condensed Financial Information, represents the actual financial position or results of operations of the combined Grindrod Shipping entities, (as described above) as at and for the dates indicated, and is being furnished solely for illustrative purposes. Furthermore, the Condensed Financial Information does not purport to project the Company's results of operations or financial position for any future period or as of any future date.

Market and Industry Information

Information relating to markets, market size, market share, market position, growth rates, average prices and other industry data pertaining to the Company's business contained in this Pre-Listing Statement consists of estimates based on data compiled by professional organisations and analysts, data from external sources, the Company's knowledge of sales and markets and the Company's calculations based on such information. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market related analyses and estimates, thus requiring the Company to rely on internally developed estimates. While the Company has compiled, extracted and reproduced market or other industry data from external sources which the Company believes is reliable, including third party, industry or general publications, the Company has not independently verified all of such data. The Company cannot assure readers of this Pre-Listing Statement of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while the Company believes its internal estimates to be reasonable, they have not been verified by any independent sources, and the Company cannot assure readers of this Pre-Listing Statement as to their accuracy.

Documents incorporated by reference

The following documents have been incorporated by reference and are available for viewing on Grindrod's website as set out below. These documents will also be available for inspection as set out in the "Additional Information" section on page 33 of this Pre-listing Statement.

Document	Website link/reference to documents
Form 20-F	www.grindrod.com .
Circular	www.grindrod.com .
Material Agreements	GSSA SPA (see Annexure 8 to this PLS, and page 128 of the Form 20-F) GSPL SPA (see Annexure 8 to this PLS, and page 128 of the Form 20-F) Implementation Agreement (see Annexure 8 to this PLS, and page 128 of the Form 20-F) GRIN Transitional Services Agreement (see Annexure 8 to this PLS, and pages 53 and 152 of the Form 20-F) GSSA Transitional Services Agreement (see Annexure 8 to this PLS, and pages 53 and 152 of the Form 20-F) Joint Venture Agreements (see Annexure 8 to this PLS, and page 52 of the Form 20-F) Loan Agreements (see Annexure 8 to this PLS, and page 87 of the Form 20-F)

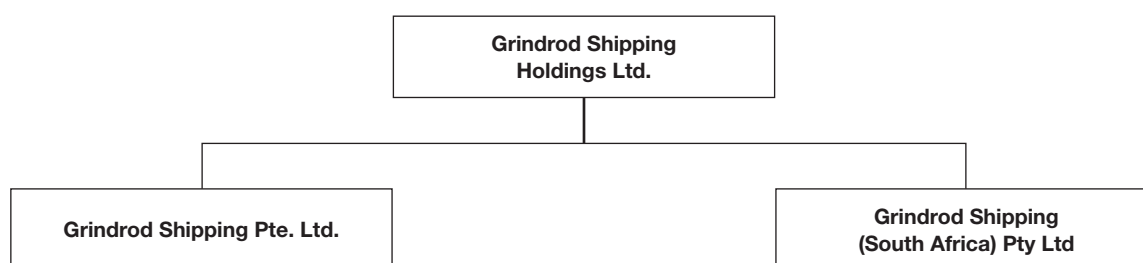
INTRODUCTION

The Company is the holding company which will acquire the international drybulk and tanker shipping group of Grindrod, whose origins date back to the formation of a shipping and related business in 1910 by Captain John Edward Grindrod. The Company was incorporated in Singapore on 2 November 2017 under the Singapore Companies Act.

Grindrod has been involved in various sectors of the shipping and transport industry for more than 100 years. The drybulk business in its current form under the IVS brand dates back to 1976 and was acquired by Grindrod in 1999. The modern day tanker business under the Unicorn brand dates back to 1973 when Grindrod acquired a tanker of approximately 20,000 dwt.

The separation from the Grindrod Group and separate listing of the Company is being pursued, among other reasons, because it will (i) allow shareholders to identify more clearly the different characteristics of the Grindrod Shipping Business from the other businesses within the Grindrod Group and to value them separately, (ii) allow management of each business to focus solely on that business and pursue their respective strategies, (iii) provide relevant employees of each business stock-based incentives linked solely to his or her employer and (iv) enable each company to elect an appropriately sized Board of Directors comprised of individuals with the skills and sector knowledge relevant to each business.

In order to implement the Spin-Off, on the Implementation Date, Grindrod will sell all of the shares it holds in its shipping subsidiaries, GSPL and GSSA, to the Company in exchange for a market-related consideration, being US\$ 320 683 000 that will be settled by way of the issuance of 19 063 832 Compulsorily Convertible Notes to Grindrod. Following the implementation of the Spin-Off, the Company will have GSPL and GSSA as its wholly-owned subsidiaries. The entire GSHL Group structure is reflected in **Annexure 10**.



Grindrod will declare a distribution *in specie* consisting of the Compulsorily Convertible Notes to be distributed on the Implementation Date pro rata to all of the Grindrod Shareholders, such that the Grindrod Shareholders will receive one Compulsorily Convertible Note for every 40 Grindrod Shares held. The Compulsorily Convertible Notes will immediately and automatically convert into Shares in the Company following the Distribution of the Compulsorily Convertible Notes to the Grindrod Shareholders. Each Compulsorily Convertible Note will convert into one ordinary share of Grindrod Shipping with shareholders of Grindrod Shipping holding Grindrod Shipping Shares in the same proportion as they hold their Grindrod Shares immediately following the consummation of the Spin-Off, other than with respect to the rounding of any fractional interests.

As of the Implementation Date, the Company and Grindrod will become independent, publicly traded companies and will have separate public ownership. The Company has appointed its own Board of Directors, a majority of whom will not overlap with the Grindrod Board. The Company will have the same management team that currently operates Grindrod's shipping business (who will no longer work for Grindrod after the Spin-Off) and will not be managed by Grindrod or any Grindrod Shareholders.

OVERVIEW OF THE BUSINESS

The Company

Grindrod Shipping is the holding company which will acquire the international drybulk and tanker shipping group of Parent, whose origins date back to the formation of a shipping and related business in 1910 by Captain John Edward Grindrod. Grindrod Shipping was incorporated as a private company, Grindrod Shipping Holdings Pte. Ltd., in Singapore on 2 November 2017 under the Singapore Companies Act. With effect from 25 April 2018, the Company was converted from a private company to a public company and it changed its name from, “Grindrod Shipping Holdings Pte. Ltd.” to “Grindrod Shipping Holdings Ltd.”.

Parent has been involved in various sectors of the shipping and transport industry for more than 100 years. The drybulk business in its current form under the IVS brand dates back to 1976 and was acquired by Parent in 1999. The modern day tanker business under the Unicorn brand dates back to 1973 when Parent acquired a tanker of approximately 20,000 dwt.

On the Implementation Date, the Board of Directors of Parent will authorise Parent to declare a distribution *in specie* consisting of the Compulsorily Convertible Notes to be distributed on the Implementation Date pro rata to all of Parent’s ordinary shareholders. Parent’s ordinary shareholders will receive one Compulsorily Convertible Note for every 40 of the Parent’s ordinary shares. The Compulsorily Convertible Notes will immediately and automatically convert into ordinary shares in Grindrod Shipping following the distribution of the Compulsorily Convertible Notes to Parent’s ordinary shareholders. Each Compulsorily Convertible Note will convert into one ordinary share of Grindrod Shipping with shareholders of Grindrod Shipping holding Grindrod Shipping Shares in the same proportion as they hold their Parent ordinary shares immediately following the consummation of the Spin-Off, other than with respect to the rounding of any fractional interests.

Our principal executive offices are located at 200 Cantonment Road, #03 01 Southpoint, Singapore 089763 and our telephone number at that location is +65 6323 0048.

We are an international shipping company that owns, charters in and operates a fleet of drybulk carriers and tankers. We own some of our vessels directly and some of our vessels in joint venture arrangements. We operate two businesses primarily: (i) the drybulk carriers business, which is further divided into handysize, supramax, and other operating segments; and (ii) the tankers business, which is further divided into medium range tankers, small tankers, and other operating segments. Activities that do not relate to these business segments are accumulated in an “unallocated” segment. Our business also included a container business held through OACL and a bunker business held through Unicorn Bunker Services, both of which were sold out of GSSA to a Grindrod subsidiary on 1 January 2018. Neither of these entities form part of the Proposed Transaction. Furthermore, from time to time, we have sold vessels in the ordinary course of our business. In the drybulk business we are primarily focused on the handysize and supramax segments. We have 20 handysize drybulk carriers and 13 supramax drybulk carriers in our operating fleet with sizes ranging from 28,240 dwt to 61,420 dwt. Our drybulk carriers transport a broad range of major and minor bulk and breakbulk commodities, including ores, coal, grains, forestry products, steel products and fertilizers, along worldwide shipping routes, and are currently employed in pools of similarly sized vessels or in the spot market.

In the tanker business, we are focused on the medium range tanker segment and also operate in the small tanker segment. We have 11 medium range tankers and four small tankers in our operating fleet with sizes ranging from 16,480 dwt to 51,570 dwt. Our tankers carry petroleum products, which include both clean products, such as petrol, diesel, jet fuel and naphtha, and dirty products, such as heavy fuel oil. Our tankers do not carry crude oil. Our tankers are also classed to carry low hazard chemical products, which include liquid bulk vegetable oils. Our tankers are currently employed in pools of similarly sized vessels, commercially managed by one of our joint venture partners or third parties, and under various other arrangements, including charter out, bareboat charter, under contracts of affreightment or in the spot market.

Furthermore, it should be noted that the Company does not receive any degree of governmental protection and neither is the Company affected by any investment encouragement law.

Other than in terms of the Spin-Off and the sale of OACL and Unicorn Bunker Services, there have been no material changes in the business of the Company between 31 December 2017 and the Last Practicable Date.

As of the date of this Pre-Listing Statement, we operate a fleet of 48 vessels consisting of 25 owned drybulk carriers (including 15 drybulk carriers that we own through joint ventures), eight long term chartered in drybulk carriers, 12 owned tankers (including six tankers that we own through joint ventures) and three long-term chartered-in tankers. We regard vessels owned by the joint ventures in which we participate as owned vessels in our fleet. As of the date of this Pre-Listing Statement, our fleet has a total drybulk carrying capacity of approximately 1.4 million dwt and a total liquid bulk carrying capacity of approximately 580,000 dwt.

We regard chartered in vessels as part of our fleet if the period of the charter that we initially commit to is 12 months or more. Once we have included such chartered in vessels in our fleet, we will continue to regard them as part of our fleet until the end of their chartered in period, including any period that the charter has been extended under an option, even if at a given time the remaining period of their charter may be less than 12 months. Additionally, certain of our chartered in vessels have purchase options.

In addition to our fleet, we will from time to time charter in additional vessels for initial committed periods of less than 12 months. We may do this entirely for our own profit or loss, or we may do this in the name of pools that we commercially manage in which event the profit or loss associated with the vessel will be for the account of the pool. From time to time we have, on average, chartered between 10 to 25 vessels on a short term basis to take advantage of opportunities in the market and to help service our cargo contracts alongside our fleet.

We have partnered with various global partners to operate a portion of our drybulk carriers through three joint ventures and a portion of our tankers through two joint ventures. We also have a majority interest in a joint venture that has drybulk freight contracts. We have entered into an agreement to unwind one of our drybulk carrier joint ventures, pursuant to which we will acquire the two vessels owned by that joint venture. For more information on the vessels held through joint ventures and a description of the key terms of certain of these joint ventures, see “Our Joint Ventures” in the Form 20-F.

We have previously and will in future from time to time contract for the construction of newbuilding vessels. As of the date of this Pre-Listing Statement, we have no newbuilding vessels under construction. We may also acquire secondhand vessels or newbuilding resales.

From time to time, we may buy and sell vessels when we consider market conditions make it appropriate to do so and if our tonnage requirements permit. We consider that our trading of vessels involves both the acquisition of vessels at times when we perceive prices to be weak and the sale of vessels when values rise. In determining when to acquire vessels we take into account our liquidity position, our expectation of fundamental developments in the drybulk and tanker shipping sectors, the level of liquidity in the secondhand charter markets, the cash flow earned by the vessel in relation to its value, the vessel's condition and technical specifications with particular regard to fuel consumption, expected remaining useful life, the credit quality of the charterer and duration and terms of charter contracts for vessels acquired with charters attached, as well as the overall diversification of our fleet and customers.

We operate two drybulk commercial pools for which we earn pool management fees from third party vessel owners and some of our joint venture partners. We do not operate any tanker commercial pools, instead we participate in tanker commercial pools operated by other parties. We also provide commercial management for our drybulk carrier and one of our tanker joint ventures. We also technically manage the majority of the vessels that we own directly or through joint ventures.

In addition, we operate a service in the drybulk sector where we ship bulk cargo in parcel sizes that may be significantly less than the full carrying capacity of a vessel, or even less than the carrying capacity of an individual hold on a vessel. Where we load more than one parcel of bulk cargo in a hold we will separate the parcels using steel plates and other dunnage materials. Wherever it makes commercial sense to do so, we use vessels from our fleet to carry this type of cargo. We also will source vessels off the spot market to carry the cargo. We have operated this service for more than 40 years, with a consistent customer base for most or all of this time.

Other than the technical management and commercial management aspects relating to various ships which are outsourced to a third party under a contract or arrangement, neither the Company's business nor any other part of its subsidiaries, or any part thereof, is managed, or is proposed to be managed, by a third party under a contract or arrangement.

The Company has not issued or offered any debentures.

Please refer to the pages marked F-50 and F-63 of the Form 20-F for the Company's assets that are pledged and ceded as part of the loan security.

The Company's Competitive Strengths

Please refer to pages 45 – 46 of the Form 20-F.

Business strategies

Please refer to pages 46 – 47 of the Form 20-F.

Our Fleet

Please refer to pages 47 – 49 of the Form 20-F.

Employment of Our Fleet

Please refer to pages 50 – 52 of the Form 20-F.

Our Joint Ventures

Please refer to pages 52 – 53 of the Form 20-F.

Management of Our Business

Please refer to pages 53 – 54 of the Form 20-F.

Our Customers

Please refer to pages 54 – 55 of the Form 20-F.

Seasonality

Please refer to page 55 of the Form 20-F.

Competition

Please refer to page 55 of the Form 20-F.

Environmental and Other Regulations

Please refer to pages 55 – 65 of the Form 20-F.

Risk of Loss and Liability Insurance

Please refer to page 65 of the Form 20-F.

Hull & Machinery and War Risks Insurance

Please refer to page 65 of the Form 20-F.

Protection and Indemnity Insurance

Please refer to page 65 – 66 of the Form 20-F.

Permits and Authorizations

Please refer to page 66 of the Form 20-F.

Emerging Growth Company

Please refer to page 66 of the Form 20-F.

Foreign Private Issuer

Please refer to page 67 of the Form 20-F.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

This section should be read in conjunction with Annexures 1 to 4 of this Pre-Listing Statement.

Selected Financial Data

The selected historical combined financial data set out below as of and for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 have been derived from the combined financial statements of GSSA (excluding the subsidiary Unicorn Bunker Services and Ocean Africa Container Lines a division of GSSA) and GSPL for those periods and as of those dates and the related notes included elsewhere in this filing. The other operating data presented has been calculated as described in the footnotes to the table below. This table contains certain information regarding TCE revenue per day.

	Year Ended 31 December		
	2017	2016	2015
(In thousands of U.S. Dollars, except Other Operating Data)	US\$'000	US\$'000	US\$'000
Summary Combined Statements of Profit or Loss Data			
Revenue	355,035	319,271	378,313
Cost of sales	(348,579)	(331,218)	(366,944)
Gross profit	6,456	(11,948)	11,369
Other operating income	3,395	4,608	5,780
Administrative expenses	(25,143)	(21,593)	(21,272)
Share of losses of joint ventures	(12,946)	(3,472)	(18,748)
Interest income	5,263	3,838	2,285
Interest expense	(6,169)	(4,684)	(4,231)
Other operating expenses	(33,557)	(17,468)	(70,703)
Loss before taxation	(62,701)	(50,719)	(95,520)
Income tax expense	316	410	(1,600)
Loss for the year	(62,385)	(50,309)	(97,120)
Summary Combined Statement of Financial Position			
Total assets	484,073	567,536	559,561
Current liabilities	142,247	132,803	154,183
Non-current liabilities	24,138	74,413	3,890
Total liabilities	166,385	207,216	158,073
Total equity	317,688	360,320	401,488
Cash and bank balances	46,521	58,368	68,130

The following table sets forth certain other operating data for our drybulk carriers and tanker businesses. This data should be read together with the information contained on page 13 of this Pre-Listing Statement (*Overview of the Business*).

	Year Ended 31 December		
	2017	2016	2015
Drybulk Business			
Handysize Segment			
Calendar days ⁽¹⁾	7,942	7,616	7,877
Available days ⁽²⁾	7,840	7,559	7,762
Operating days ⁽³⁾	7,720	7,460	7,692
Fleet utilization ⁽⁴⁾	98.5%	98.7%	99.1%
Vessels operating at period end ⁽⁵⁾	21.2	20.4	21.1
Handysize Segment Average Daily Results			
TCE per day ⁽⁶⁾	\$7,675	\$5,881	\$7,487
Vessel operating costs per day ⁽⁷⁾	\$5,034	\$5,091	\$5,160
Supramax Segment Data			
Calendar days ⁽¹⁾	7,702	7,700	7,952
Available days ⁽²⁾	7,702	7,700	7,952
Operating days ⁽³⁾	7,584	7,654	7,774
Fleet utilization ⁽⁴⁾	98.5%	99.4%	97.8%
Vessels operating at period end ⁽⁵⁾	20.8	20.9	21.3
Supramax Segment Average Daily Results			
TCE per day ⁽⁶⁾	\$10,551	\$7,861	\$10,232
Vessel operating costs per day ⁽⁷⁾	\$4,519	\$4,433	\$4,297
Tanker Business			
Medium Range Tankers Segment Data			
Calendar days ⁽¹⁾	3,055	3,140	3,288
Available days ⁽²⁾	2,999	3,140	3,288
Operating days ⁽³⁾	2,994	3,140	3,271
Fleet utilization ⁽⁴⁾	100%	100%	99.5%
Vessels operating at period end ⁽⁵⁾	7.5	9	8
Medium Range Tankers Segment Average Daily Results			
TCE per day ⁽⁶⁾	\$11,691	\$13,902	\$20,569
Vessel operating costs per day ⁽⁷⁾	\$6,869	\$7,053	\$7,458
Small Tankers Segment Data			
Calendar days ⁽¹⁾	1,469	1,657	2,163
Available days ⁽²⁾	1,461	1,603	2,136
Operating days ⁽³⁾	1,461	1,572	2,096
Fleet utilization ⁽⁴⁾	99%	98.1%	98.2%
Vessels operating at period end ⁽⁵⁾	3.5	5	5
Small Tankers Segment Average Daily Results			
TCE per day ⁽⁶⁾	\$13,014	\$12,154	\$11,291
Vessel operating costs per day ⁽⁷⁾	\$7,427	\$7,479	\$7,676

⁽¹⁾ *Calendar days*: total calendar days the vessels were in our possession for the relevant period.

⁽²⁾ *Available days*: total number of calendar days a vessel is in our possession for the relevant period after subtracting off-hire days for scheduled drydocking and special surveys. We use available days to measure the number of days in a relevant period during which vessels should be available for generating revenues.

⁽³⁾ *Operating days*: the number of available days in the relevant period a vessel is controlled by us after subtracting the aggregate number of days that the vessel is off-hire due to a reason other than scheduled drydocking and special surveys, including unforeseen circumstances. We use operating days to measure the aggregate number of days in a relevant period during which vessels are actually available to generate revenues.

⁽⁴⁾ *Fleet utilization*: the percentage of time that vessels are available for generating revenue, determined by dividing the number of operating days during a relevant period by the number of available days during that period. We use fleet utilization to measure a company's efficiency in technically managing its vessels

⁽⁵⁾ *Vessels operating at period end*: reflects the total amount of wholly-owned vessels we own at period end and vessels we charter in routinely for our own account, as well as our proportionate ownership of vessels that we own through our joint ventures and vessels we charter-in through our joint ventures

⁽⁶⁾ *TCE per day*: vessel revenues less voyage expenses during a relevant period divided by the number of operating days during the period. The number of operating days used to calculate TCE revenue per day includes the proportionate share of our joint ventures' operating days and includes charter-in days. Please see "Item 5. Operating and Financial Review and Prospects—Non-GAAP Financial Measures" for a discussion of TCE revenue and a reconciliation of TCE revenue to revenues.

⁽⁷⁾ *Vessel operating costs per day*: Vessel operating costs per day represents vessel operating costs divided by the number of calendar days for owned vessels. The vessel operating costs and the number of calendar days used to calculate vessel operating costs per day includes the proportionate share of our joint ventures' vessel operating costs and calendar days and excludes charter-in costs and charter-in days.

Summary of Condensed Financial Information

For the summary of the *Pro Forma* Condensed Financial Information refer to Annexure 3 of this Pre-Listing Statement.

Capitalization and Indebtedness

The following table presents Grindrod Shipping's capitalization as of 31 December 2017.

The information below is not necessarily indicative of what Grindrod Shipping's capitalization or indebtedness would have been had the Spin-Off been completed as of 31 December 2017. In addition, it is not indicative of Grindrod Shipping's future capitalization or indebtedness. This table should be read in conjunction with the Combined Historical Financial Statements included elsewhere in this Pre-Listing Statement.

(In thousands of U.S Dollars)	Year Ended 31 December 2017
Short-term borrowings (secured)	89,573
Long-term borrowings (secured)	27,131
Total Debt	116,704
Total Equity	353,676
Total Capitalization	470,380

Reasons for the Offer and Use of Proceeds

Not applicable.

INCORPORATION AND SHARE CAPITAL

1. INCORPORATION

The Company was duly incorporated in Singapore on 2 November 2017 and will operate in conformity with its Constitution. The business of the Company and its principal activity is to hold investments in the shipping industry and will be listed in the Industrials-Transportation Services sector of the main board of the JSE (as a secondary listing) and on NASDAQ (as a primary listing). The registered address of the Company is 10 Anson Road, #32-15 International Plaza, Singapore 079903 and its head office is located at 200 Cantonment Road, #03-01 Southpoint, Singapore 089763.

With effect from 25 April 2018, and pursuant to the Conversion, the Company was converted from a private limited liability company to a public company with the name “Grindrod Shipping Holdings Ltd.”. There was no change to its registration number. In order to affect the Conversion and to adopt the Constitution, the Promoter passed a special resolution on 25 April 2018. On 4 May 2018, the Promoter passed ordinary resolutions to amongst other things, approve the listing of the Company’s shares on the JSE (as a secondary listing) and on NASDAQ (as a primary listing).

The Company’s major subsidiary is GSPL, which was incorporated in Singapore on 10 June 2004 and whose registration number is 200407212K and whose registered address is 200 Cantonment Road, #03-01 Southpoint, Singapore 089763.

2. SHARE CAPITAL

As at the Last Practicable Date, the issued and fully paid-up share capital of the Company consisted of 1 Share. The Company currently has only one class of issued Shares, which have identical rights in all respects and rank equally with one another. The Shares have no par value. As there is no requirement to set out an authorised share capital under Singapore law, the Company does not have an authorised share capital. Subject to shareholders’ approval for the issuance of shares being obtained, there is no limit on the number of shares that can be issued by the Company.

The table below reflects the Company’s issued share capital as at the Last Practicable Date.

Issued share capital	US\$1
Paid-up share capital	US\$1
Number of ordinary shares	1

The Company proposes to list all of its Shares in issue.

Description of Shares

The rights and conditions to attach to the Shares on and from the Implementation Date are set out in the extracts of the Constitution in **Annexure 7** to this Pre-Listing Statement. Furthermore, the Company has no preferential conversion and/or exchange rights.

There are no founders’ or deferred shares. Other than the Shares, which are expected to be listed on the JSE and NASDAQ, no other securities have been issued by the Company nor listed on any other stock exchange.

The Constitution provides that Grindrod Shipping may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise as the Board of Directors may determine, provided always that (subject to any direction to the contrary that may be given by the shareholders in general meeting) any issue of shares for cash to shareholders holding shares of any class shall be offered to such shareholders in proportion as nearly as may be to the number of shares of such class then held by them, the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same, and to the extent that any shares of Grindrod Shipping are listed on the JSE, where the shareholders authorise the Board of Directors to issue unissued securities and/or grant options to subscribe for unissued securities, as the Board of Directors in its discretion deem fit, such corporate action has been approved by the JSE and are subject to the Listings Requirements.

The rights attached to shares issued upon special conditions must be clearly defined in the Constitution. If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Singapore Companies Act, whether or not Grindrod Shipping is being wound up, be varied or abrogated with the consent in writing of the holders of at least three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class.

All ordinary shares to be issued will be fully paid and existing shareholders will not be subject to any calls on shares. Although Singapore law does not recognize the concept of “non-assessability” with respect to newly-issued shares, any purchaser of Grindrod Shipping’s shares who has fully paid up all amounts due with respect to such shares will not be subject under Singapore law to any personal liability to contribute to the assets or liabilities of Grindrod Shipping in such purchaser’s capacity solely as a holder of such shares. All shares are in registered form. Grindrod Shipping cannot, except in the circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own shares.

3. ALTERATIONS TO SHARE CAPITAL

For the purposes of implementing the Spin-Off, there will be an increase in issued and paid-up share capital as a result of the issue of the Consideration Shares.

As there is no requirement to set out an authorised share capital under Singapore law, the Company does not have an authorised share capital. Subject to the shareholders’ approval for the issuance of shares being obtained, there is no limit on the number of shares that can be issued by the Company.

The table below represents the share capital structure of the Company on the Implementation Date.

	US\$ '000
Issued share capital	320,417
Paid-up share capital	320,417
Number of ordinary shares	19,063,833

There have been no consolidations or sub-divisions of any of the Company's securities in the preceding three years.

4. AUTHORISATIONS

As there is no requirement to set out an authorised share capital under Singapore law, the Company does not have an authorised share capital. Subject to shareholders' approval for the issuance of shares being obtained, there is no limit on the number of shares that can be issued by the Company.

On 25 April 2018, the Promoter approved resolutions to (i) authorise the Conversion and (ii) adopt the Constitution which is appropriate for a public company and which complies with, among others, the Listings Requirements. On 4 May 2018, the Promoter approved a resolution to authorise, to the extent necessary, the issuance of the Compulsorily Convertible Notes and the Consideration Shares in settlement of the purchase consideration under the GSPL SPA and GSSA SPA. Accordingly, the Company has obtained the requisite authorisations to issue the Consideration Shares.

5. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES IN THE COMPANY

Apart from the share incentive scheme summarised in **Annexure 11** to this Pre-Listing Statement, the Company is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any shares in the Company.

6. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES IN SUBSIDIARIES OF THE COMPANY

None of the subsidiaries of the Company are a party to any contract or arrangement (or proposed contract or arrangement) whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any shares in the subsidiary.

7. UNLISTED SECURITIES

Following the Listing, the Company will have no unlisted securities.

8. SHAREHOLDING

Major shareholders

As of the Last Practicable Date, the issued share capital of Grindrod Shipping consisted of 1 Grindrod Shipping Share, which was held by the founding shareholder being the Promoter. As of the Implementation Date, the ordinary shareholders of Grindrod Shipping shall be the same as the ordinary shareholders of Parent.

Based on Grindrod's shareholding, to the best of Grindrod Shipping's management knowledge as at the Last Practicable Date: (1) no corporation or foreign government owns more than 50% of our outstanding ordinary shares; and (2) there are no arrangements the operation of which may at a subsequent date result in a change in control of Grindrod Shipping. To the knowledge of Grindrod Shipping's management, at the Implementation Date, there will be no controlling shareholder of Grindrod Shipping.

A list of the individuals and organizations, other than Directors, holding, to the knowledge of Grindrod Shipping's management, directly or indirectly, 5% or more of the issued share capital of Parent as of the Last Practicable Date is set forth below.

Beneficial owner	Parent ordinary shares	Grindrod Shipping Shares ⁽¹⁾	Percentage Ownership ⁽²⁾
Remgro Limited	173,183,235	4,329,580	22.7%
Government Employees Pension Fund	77,486,926	1,937,173	10.2%
Grindrod Investments Proprietary Limited ⁽³⁾	76,909,634	1,922,740	10.1%
Newsshelf 1279 (RF) Proprietary Limited ⁽⁴⁾	64,000,000	1,600,000	8.4%
PSG Konsult	56,829,711	1,420,742	7.5%

Notes

⁽¹⁾ Parent ordinary shareholders will receive one Compulsorily Convertible Note for every 40 Parent ordinary shares. Each Compulsorily Convertible Note will convert into one ordinary share of Grindrod Shipping.

⁽²⁾ Represents percentage of Parent's ordinary shares based on 762,553,314 Parent ordinary shares outstanding on the Last Practicable Date and the expected percentage of Grindrod Shipping's ordinary shares based on the distribution ratio of one Compulsorily Convertible Note for every 40 Parent's ordinary shares. Each Compulsorily Convertible Note will convert into one ordinary share of Grindrod Shipping with shareholders of Grindrod Shipping holding Grindrod Shipping Shares in the same proportion as they hold their Parent ordinary shares immediately following the consummation of the Spin-Off, other than with respect to the rounding of any fractional interests.

⁽³⁾ Grindrod Investments Pty Ltd is owned by the Grindrod family.

⁽⁴⁾ Newsshelf 1279 (RF) Pty Ltd is owned by Friedshelf 1534 Pty Ltd which in turn is owned by Brimstone Ltd and Calulo Pty Ltd.

None of the above shareholders will hold voting rights which are different from those that will be held by Grindrod Shipping's other shareholders.

Controlling shareholders

Prior to the implementation of the Spin-Off, the Promoter is the sole shareholder of the Company and pursuant to the implementation of the Spin-Off and Listing, the Company will have no controlling shareholder.

Prior to the implementation of the Spin-Off, Grindrod is the sole shareholder of the Company's major subsidiary, being GSPL, and pursuant to the implementation of the Spin-Off, the Company will be the sole shareholder of GSPL.

MANAGEMENT AND CORPORATE GOVERNANCE

DETAILS RELATING TO GRINDROD SHIPPING

1. DIRECTORS OF GRINDROD SHIPPING

The following discussion provides a description of the Company's Directors and management as it will be on the Listing Date.

The Board of Directors consists of 5 (five) members. The members of the Board of Directors are as follows:

Name	Age	Position	Term Expires
Cato Brahde	63	Independent Non-Executive Director/ Chairman	First Annual General Meeting
John Herholdt	69	Independent Non-Executive Director	First Annual General Meeting
Quah Ban Huat	51	Independent Non-Executive Director	First Annual General Meeting
Martyn Wade	59	Executive Director	*
Stephen Griffiths	57	Executive Director	*

⁽¹⁾ Mr. Wade was appointed a Director of Grindrod Shipping on 15 November 2017 and resigned as a director of Parent on 1 November 2017.

The business address of each of the non-executive Directors is c/o MS Nominees Pte. Ltd., 10 Anson Road, #32-15 International Plaza, Singapore 079903. The business address of each of the executive Directors is 200 Cantonment Road, #03-01 Southpoint, Singapore 089763.

2. SENIOR MANAGEMENT OF GRINDROD SHIPPING

The table below details the names of, and information about, the individuals who serve as members of the senior management of the Company or the executive officers ("**Senior Management**"):

Name	Age	Position
Martyn Wade	59	Chief Executive Officer
Stephen Griffiths	57	Chief Financial Officer

⁽¹⁾ Mr. Wade as at the Last Practicable Date serves as both Chief Executive Officer of GSPL and Chief Executive Officer of Grindrod Shipping.

⁽²⁾ Mr. Griffiths as at the Last Practicable Date serves as both Chief Financial Officer of GSPL and Chief Financial Officer of Grindrod Shipping.

The business address of the persons noted above as Senior Management is Grindrod Shipping Pte. Ltd., 200 Cantonment Road, #03-01 Southpoint, Singapore 089763.

3. COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT OF GRINDROD SHIPPING

Messrs. Wade and Griffiths received compensation from Parent's shipping business during 2017 for their service to Parent's shipping business as its Chief Executive Officer and Chief Financial Officer, respectively. Following the Spin-Off, we will not be required to disclose any information about an individual Senior Management's compensation in our home country and we do not intend to disclose, to our shareholders or otherwise, any information about an individual Senior Management's compensation going forward, unless Grindrod Shipping's shareholders exercise their power in accordance with the relevant provisions of the Singapore Companies Act to require disclosure of specific Directors' emoluments.

In addition, the Senior Management are eligible for variable compensation under our forfeitable share plan for achieving company wide objectives and for their individual contribution to our results and objectives. A summary of the forfeitable share plan is set out below. The following description is only a summary of the material provisions of the forfeitable share plan (please see **Annexure 11** to this Pre-Listing Statement).

We adopted the forfeitable share plan to provide selected employees with the opportunity to receive compensatory equity awards of our ordinary shares and to serve as a retention mechanism and recruitment tool. The forfeitable share plan also provides participants with the opportunity to share in the success of the company and aligns forfeitable share plan participants' interests with the interests of our shareholders. The forfeitable share plan will be administered by the compensation and nomination committee ("**Compensation and Nomination Committee**"). Participants will receive grants of forfeitable ordinary shares, subject to applicable time and or performance vesting conditions and other terms, that settle in ordinary shares when vested and are forfeited, in part in or in full, upon certain termination of employment events if not previously vested. Under the terms of the forfeitable share plan, the aggregate number of ordinary shares that may be granted and not yet vested under the forfeitable share plan at any one time shall not exceed 5% of the number of shares in issue (excluding treasury shares) as determined in reference to the day preceding the award.

We will obtain shareholder approval annually to authorize the award and the issuance of ordinary shares under the plan. We have obtained such approval until the conclusion of our first annual general meeting.

We paid an aggregate compensation of \$70,000 to our non-executive Directors in 2017. On an annual basis, each non-executive director, other than the chairman of the board, will be compensated with a fee of \$65,000 for his or her services as one of our Directors and an additional fee of \$20,000 for his or her services as chairman of one of the board committees or an additional fee of \$10,000 for his or her services as a member of one of the board committees. The chairman of the board will receive a total annual fee of \$150,000 for his or her services, inclusive of any such services as a director and as a committee chairman or member.

4. **BOARD PRACTICES**

Grindrod Shipping's Board of Directors comprises 5 (five) Directors, including 3 (three) independent non-executive members. Each of Grindrod Shipping's Directors is elected by Grindrod Shipping's shareholders or appointed by the Directors pursuant to Grindrod Shipping's Constitution.

At the first annual general meeting following the Spin-Off, all of the Directors, other than any director holding office as chief executive officer or chief financial officer, shall retire from office and shall be eligible for re-election. At each subsequent annual general meeting, one-third of the Directors then in office, or if their number is not a multiple of three, the number nearest to one-third, shall retire from office by rotation, provided no director holding office as chief executive officer or chief financial officer shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. In addition, any director who has been appointed by the Directors to fill a vacancy during any given year will be required to retire from office at the next annual general meeting and shall be eligible for re-election at such meeting. Directors holding office as chief executive officer or chief financial officer shall resign from their directorship upon no longer holding such positions.

The Directors to retire in every year shall be those who have been longest serving in office since their last re-election or appointment. Where Directors were re-elected or appointed on the same day, those to retire shall be agreed amongst themselves or be determined by lot.

A director shall vacate his office upon his resignation, removal, bankruptcy, becoming mentally disordered or disqualification. A director may only be removed from office by or according to resolution of the shareholders.

No director is entitled to any severance benefits on termination of his or her service as a director.

Grindrod Shipping has established two committees of the Board of Directors: the audit and risk committee ("**Audit and Risk Committee**") and the Compensation and Nomination Committee.

5. **AUDIT AND RISK COMMITTEE**

The members of the Audit and Risk Committee are Messrs. Quah (chairman), Herholdt and Brahde. The Audit and Risk Committee, among other things, oversees our financial reporting, risk management, related party transactions and internal controls (in relation to financial, operational, compliance and information technology controls), engages our external auditors and oversees our internal audit activities, tax policies and effectiveness of our legal and compliance systems.

The Audit and Risk Committee has satisfied itself as to the appropriateness of the expertise and experience of Mr. Griffiths who as the Chief Financial Officer fulfils the functions of a financial director.

Furthermore, the Audit and Risk Committee reviews the internal control systems, the financial control systems, the accounting systems and reporting, the internal audit functions to ensure the effectiveness of the Company's financial reporting procedures.

The Audit and Risk Committee will hold at least 2 (two) meetings annually.

6. **COMPENSATION AND NOMINATION COMMITTEE**

The members of the Compensation and Nomination Committee are Messrs. Herholdt (chairman), Brahde and Quah. The Compensation and Nomination Committee oversees our compensation policy and the executive compensation policy, approves awards of stock based incentives, approves the individual package of the chief executive officer, reviews and monitors the nomination and appointment process and composition of the Board of Directors and succession planning of the Board, the committees of the Board of Directors and the performance of the Board.

The Compensation and Nomination Committee will hold at least 2 (two) meetings annually.

7. **EMPLOYEES**

As of 31 December 2017, we had approximately 808 employees, of which approximately 639 seagoing staff serve on the vessels that we manage and 169 provide general management, financial management, and commercial and technical management to the vessels that we manage. Our seafarers are represented by collective bargaining agreements but we have not experienced a work stoppage in the past few years. Seafarers employed by our vessel managers are unionized under various jurisdictions and are employed under various collective bargaining agreements which does expose us to a risk of potential labour unrest at times when those collective bargaining agreements are being renegotiated.

8. SHARE OWNERSHIP OF DIRECTORS AND SENIOR MANAGEMENT

All Grindrod Shipping Shares are at the Last Practicable Date held by the Promoter. Therefore, no Grindrod Shipping Shares are held by the Directors or Senior Management prior to the consummation of the Spin-Off.

The following sets forth, to the knowledge of Grindrod Shipping's management, the total number of ordinary shares of Parent directly or indirectly owned by Grindrod Shipping's current Directors and Senior Management and their associates as of the Last Practicable Date and the expected ownership by those individuals of Grindrod Shipping Shares following the Spin-Off:

Director	As at Last Practicable Date									
	Number of Grindrod Shipping Shares held	% held in Grindrod Shipping	Number of Grindrod Shipping Shares held	Number of Grindrod Shares expected to vest under the Grindrod FSP	Grindrod Shipping Shares held	Grindrod Shipping Shares to be accrued by distribution for Grindrod Shares held at Last Practicable Date	Grindrod Shipping Shares to be accrued by distribution for Grindrod Shares held after vesting of Grindrod FSP awards	Total number of Grindrod Shipping Shares expected to be held on Listing	% ownership of Grindrod Shipping expected on Listing (Note 1)	
Brahde	-	-	-	-	-	-	-	-	-	0.000%
Herholdt	-	-	-	-	-	-	-	-	-	0.000%
Quah	-	-	-	-	-	-	-	-	-	0.000%
Wade	-	-	400,000	166,580	-	10,000	4,164	14,164	-	0.074%
Griffiths	-	-	-	150,000	-	-	3,750	3,750	-	0.020%

Note:

⁽¹⁾ 19,0630,833 Expected Grindrod Shipping Shares in issue

Further particulars of the Directors and Senior Management of the Company, including details of other directorships held in the preceding five years, are set out in **Annexure 5** to this Pre-Listing Statement.

9. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Short biographies of the Directors and Senior Management of the Company, reflecting their expertise and experience relevant to the Company and its industry, are set out below:

Martyn Wade: Chief Executive Officer

Martyn Wade has served as a member of our Board of Directors since 15 November 2017. Mr. Wade served on the Grindrod Limited board from 16 November 2011 until 1 November 2017. Mr. Wade continues to serve as the Chief Executive Officer of GSPL, a role he has been in since July 2011. Mr. Wade is currently a director of major international subsidiary companies, the UK Freight Demurrage & Defence Association (UK) and a member of the advisory panel to the Singapore Maritime Foundation. Mr. Wade has 40 years international shipping experience and has worked for vessel owners, operators and shipbrokers in London, Johannesburg, New York and now Singapore. The companies Mr. Wade has worked for include Van Ommeren UK, Simpson Spence and Young Johannesburg, Clipper Bulk USA and HSBC Shipping Services London. Mr. Wade is a member of the Baltic Exchange having been first elected in 1979.

Stephen Griffiths: Chief Financial Officer

Stephen Griffiths has served as a member of our Board of Directors and as our Chief Financial Officer since 7 November 2017, and has also served as Chief Financial Officer of Parent's shipping business since April 2009. Mr. Griffiths joined Grindrod Limited in 2004 as Group Financial Manager. Previously, Mr. Griffiths joined the Reunert Group in 1989 and was appointed Financial Director of a Reunert Group subsidiary in 1995. Mr. Griffiths qualified as a Chartered Accountant (South Africa) in 1985 and completed his articles at Hudson, Langham, Morrison and Co.

Cato Brahde

Cato Brahde has served as member of our Board of Directors since 2 November 2017, and was appointed as Chairman on 28 November 2017. Mr. Brahde was a director of Parent from 2013 to 2016. He currently acts as Chief Investment Officer for Tufton Oceanic's equity investment funds. He joined Tufton Oceanic in 1989 where he was responsible for private and public shipping equity investments, among which he managed a fleet of 30 standby support vessels for the offshore oil and gas industry in the North Sea. Mr. Brahde previously worked as a naval architect and project manager with Brown and Root, a subsidiary of US oil services group Halliburton, from 1978 to 1989. During 1977 and 1978 he served in the Royal Norwegian Navy. Mr. Brahde qualified as a naval architect at the University of Newcastle upon Tyne, gained a Master of Science in Business Administration degree from Boston University and holds a diploma in Company Direction

John Herholdt

John Herholdt has served as a member of our Board of Directors since 6 November 2017. Between 2012 and 2015, Mr Herholdt consulted the Maitland Group. From 1987 to 2012 Mr Herholdt served as a London based senior partner of the Maitland Group with offices in Europe, South Africa, North America and elsewhere. He also served as a Director on the boards of several of its subsidiaries. The London office of Shepstone and Wylie was established by Mr Herholdt in 1985 and in 1987 merged the Shepstone and Wylie operation with that of Maitlands, then the offshore arm of the South African law firm Webber Wentzel. He remained associated with Shepstone and Wylie until 2012. In 1984, Mr Herholdt joined the South African law firm Shepstone and Wylie as a senior partner in the maritime department, acting primarily for vessel owners and P&I Clubs. In 1979, Mr Herholdt was appointed a Director of Leo Raphaelly and Sons, an international commodity trading firm. From 1972 to 1979, Mr Herholdt was a partner of the law firm Goodrickes and specialised in maritime and commodities law. His responsibilities included all maritime and commodity issues, as well as, legal, commercial, and tax matters. Mr Herholdt obtained his Bachelor of Arts in Law Degree in 1969 and his Bachelor of Laws degree in 1971, and was admitted as an attorney of the Supreme Court of South Africa in 1972.

Quah Ban Huat

Quah Ban Huat has served as a member of our Board of Directors since 2 November 2017. He is a consultant at KPMG Corporate Finance and a senior advisor to the Chairman of Sunjoy Group. Mr. Quah specializes in mergers & acquisitions, structuring and financing. In addition, he is also a director of AP Oil International Limited, Samudera Shipping Line Ltd, Deutsche Boerse Asia Holding Pte. Ltd., Eurex Clearing Asia Pte. Ltd., Eurex Exchange Asia Pte. Ltd. and Primeur Holdings Pte. Ltd. and its subsidiary. Prior to that, Mr. Quah served as a director on the boards of mDR Ltd from 2014 to 2017 and Croesus Asset Management Pte. Ltd. From 2012 to 2017 and held various key finance positions including Regional Business Area Controller at Deutsche Bank for its Asia Pacific Money Markets and Treasury operations, Group Finance Director at the IMC Group, Chief Financial Officer at City Gas Pte. Ltd. and Rickmers Trust Management Pte. Ltd. Mr. Quah qualified as an accountant with the Institute of Chartered Accountants of England and Wales and the Association of Certified Chartered Accountants. He completed his articles with Benjamin Taylor & Co and was a manager at the banking division of Coopers and Lybrand prior to joining Deutsche Bank in London.

All of the Directors at the time of the Listing have submitted duly completed Directors' declarations in compliance with Schedule 13 of the Listings Requirements. Save for the Directors who receive incentives in accordance with the share incentive scheme (as described in **Annexure 11** to this Pre-Listing Statement), there are no promoters or Directors that have or had any beneficial interest, direct or indirect, in a transaction or was a member of a partnership, syndicate or other association of persons that had such an interest. Furthermore, there are no vendors of the Company that are a partnership with Directors or a promoter.

Save for the Directors who receive incentives in accordance with the share incentive scheme (as described in **Annexure 11** to this Pre-Listing Statement), no cash or securities have been paid or benefit given within the three preceding years or proposed to be paid or given, to any promoter, or Director.

DETAILS RELATING TO GSPL AS THE MAJOR SUBSIDIARY OF GRINDROD SHIPPING

1. DIRECTORS OF GSPL

The table below provides the names, age and position of the Directors of GSPL -

Name	Age	Position
Martyn Wade	59	Executive Director
Stephen Griffiths	57	Executive Director
Carl Ackerley	52	Executive Director
Hugh Scheffer	66	Executive Director
Jeremy Miles	55	Executive Director
Mark Koen	58	Executive Director

The business address of the persons noted above is Grindrod Shipping Pte. Ltd., 200 Cantonment Road, #03-01 Southpoint, Singapore 089763.

2. SENIOR MANAGEMENT OF GSPL

The senior management for GSPL will consists of 2 (two) members, being Martyn Wade and Stephen Griffiths. Both their details are provided below in respect of the details relating to the members of the senior management of GSPL.

Name	Age	Position
Martyn Wade	59	Chief Executive Officer
Stephen Griffiths	57	Chief Financial Officer

The business address of the persons noted above is Grindrod Shipping Pte. Ltd., 200 Cantonment Road, #03-01 Southpoint, Singapore 089763.

DETAILS RELATING TO BOTH GRINDROD SHIPPING AND GSPL AS THE MAJOR SUBSIDIARY OF GRINDROD SHIPPING

None of the Directors or senior management of the Company and GSPL referred to in this Pre-Listing Statement:

- has been declared bankrupt or insolvent, or has entered into an individual voluntary compromise arrangement to surrender his or her estate;
- is or was a director with an executive function of any company at the time of, or within 12 months preceding, that company becoming subject to any business rescue plan or any proposal or application for it to become subject to any business rescue proceedings, or any notice in terms of section 129(7) of the Companies Act, or any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any compromise or arrangement with the Company's creditors generally or with any class of its creditors;
- is or has been a partner in a partnership at a time of, or within 12 months preceding, any compulsory sequestration, liquidation, administration or voluntary arrangements of such partnership;
- is or has been a partner in a partnership at the time of, or within 12 months preceding, a receivership of any assets of such partnership;
- has had any of his or her assets subject to receivership;
- has had any of the assets of a partnership of which he or she was a partner subject to receivership when he or she was a partner or was a partner within 12 months prior to such an event;
- is or has been publicly criticised by any statutory or regulatory authorities, including recognised professional bodies, or been declared delinquent, or placed under probation under section 162 of the Companies Act or section 47 of the Close Corporations Act No 69 of 1984, or been disqualified by a court from acting as a Director of a company or from acting in the management or conduct of the affairs of any company; and/or
- is or has been convicted of any offence involving dishonesty or has been removed from an office of trust, on the grounds of misconduct and involving dishonesty.

APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

Set out in **Annexure 7** to this Pre-Listing Statement are extracts of the relevant provisions of the Constitution and the GSPL Constitution, regarding:

- the qualification, appointment, terms of office and remuneration of Directors;
- the borrowing powers of the Company exercisable by the Directors. The borrowing powers may be varied by an amendment to the Constitution;
- powers enabling Directors to vote on a proposal, arrangement or contract in which they are materially interested and to vote remuneration to themselves or any member of the board of Directors; and
- retirement of Directors by rotation.

Non-executive Directors of the Company are entitled to fees, in accordance with the fee scales as set out on page 20 under *Compensation of Directors and Senior Management of Grindrod Shipping* above, from the dates of their appointment to the end of the Financial Year ended 31 December 2017.

Further details of the Senior Management's remuneration and service agreements are set out in **Annexure 5** to this Pre-Listing Statement.

The Directors' borrowing powers have not been exceeded during the past three years. There are no exchange control or other restrictions on the borrowing powers of the Directors.

DIRECTORS' INTERESTS

Directors' interests in Shares

The table on page 22 under *Share Ownership of Directors and Senior Management* sets out the direct and indirect beneficial interests of the Directors (including any associates of any Director) as at the Last Practicable Date. This includes the interest of persons who are no longer Directors, but resigned during the last 18 months.

Other than through changes in their interest through Grindrod Shares, there has been no change in the Directors' interests in the Grindrod Shipping Shares between 31 December 2017 and the Last Practicable Date.

Directors' interests in transaction

Save for the Directors who receive incentives in accordance with the share incentive scheme (as described in **Annexure 11** to this Pre-Listing Statement), no other Director including all Directors that have resigned in the last 18 months has any direct or indirect material beneficial interests in transactions of the GSHL Group.

SHARE SCHEMES

Refer to **Annexure 11** to this Pre-Listing Statement.

RELATED PARTIES AND MAJOR SHAREHOLDERS

Shareholders' Register

As of the date of this Pre-Listing Statement, the sole Grindrod Shipping Share was held by the Promoter.

Grindrod Shipping's Shares are expected to trade in the United States on NASDAQ under the symbol "GRIN". The principal non-United States trading market for the ordinary shares of Grindrod Shipping is expected to be the JSE, on which the ordinary shares will trade on the main board with a share code of GSH and under the abbreviated name GRINSHIP. Continental Stock Transfer & Trust Company will serve as transfer agent in the United States and Link Market Services South Africa Pty Ltd will serve as transfer secretaries in South Africa and will each maintain a branch register of members for the ordinary shares listed on each transfer agent's or transfer secretary's respective exchange. In addition, since Grindrod Shipping is a Singapore company, a principal register of members will be maintained by Grindrod Shipping at its offices in Singapore.

On the Implementation Date, the number of U.S. record holders of Grindrod Shipping Shares and the percentage of Grindrod Shipping Shares held in the United States is expected to be the same as those of Parent. As of the Last Practicable Date, 19 record holders of Parent's ordinary shares holding an aggregate of 51,442,418 ordinary shares (approximately 6.8%), were listed as having addresses in the United States.

Related Party Transactions

For a description of our material joint ventures, see **Annexure 8** to this Pre-Listing Statement (*Material Agreements*).

For a description of our agreements relating to the Spin-Off, see **Annexure 8** to this Pre-Listing Statement (*Material Agreements*).

Interests of Experts and Counsel

Not applicable.

DIVIDENDS AND DIVIDEND POLICY AND DISTRIBUTION

The declaration and payment of dividends, if any, are subject to the discretion of our Board of Directors. The timing and amount of any dividends declared will depend on, among other things: (i) our earnings, financial condition and cash requirements and available sources of liquidity, (ii) decisions in relation to our growth and leverage strategies, (iii) provisions of Singapore law governing the payment of dividends, (iv) restrictive covenants in our existing and future debt instruments and (v) global financial conditions.

PARTICULARS OF THE DISTRIBUTION

This section should be read in conjunction with section 4 of the Circular (to which this Pre-Listing Statement is attached) detailing the Proposed Transaction.

1. THE DISTRIBUTION

Grindrod has, in terms of the Sale Agreements, agreed to sell all the shares it holds in (i) GSPL to the Company in exchange for the GSPL CCNs and (ii) GSSA to the Company in exchange for the GSSA CCNs.

The Compulsorily Convertible Notes equate to a total of US\$ 320 683 000, payable by the Company to Grindrod for the sale of the shares in GSPL and GSSA.

In order in to meet Singapore law requirements, 1 (one) certificate will be issued to Grindrod in respect of all the Compulsorily Convertible Notes (the “**CCN Certificate**”) in settlement of the purchase consideration under the GSPL SPA and GSSA SPA.

The Grindrod Board will make the Grindrod Distribution to the Grindrod Shareholders which will result in the Grindrod Shareholders holding the Compulsorily Convertible Notes, which automatically convert into Shares in the Company of equal value.

The CCN Certificate will be endorsed to the effect that the Compulsorily Convertible Notes will be distributed to the Grindrod Shareholders and the Company’s Compulsorily Convertible Notes register (initially reflecting Grindrod as the holder of the Compulsorily Convertible Notes) will be updated to reflect the Grindrod Shareholders as the holders based on a copy of the Grindrod share register (for Grindrod Shareholders) as at the Distribution Record Date and the basis of the Distribution.

Once the Consideration Shares are issued, the CCN Certificate will be cancelled and the Company’s share register (initially reflecting the Promoter as the holder of the entire issued share capital of the Company) will be updated to reflect the Grindrod Shareholders as the beneficial holders of the Consideration Shares.

JSE approval of the Listing is conditional on the attainment of the required spread of shareholders and so, while there is no minimum capital requirement to be realised by the Distribution, the Distribution is subject to the condition that the shareholders who acquire shares pursuant to the Distribution will satisfy the shareholder spread and free float requirements prescribed in the Listings Requirements which are referred to below. The Listing will not proceed if the Proposed Transaction is not approved and implement and the shareholder spread requirements are not satisfied. The shareholder spread and free float requirements in the Listings Requirements provide that a minimum of 20 percent of the issued Shares must be held by shareholders falling within the Listings Requirements’ definition of the public.

All Shares (including any Consideration Shares) that are in issue as at the date of this Pre-Listing Statement and as at the date of Listing will rank *pari passu* in all respects, including rights to participate in capital, dividend and profit distributions by the Company. There are no conversion or exchange rights attaching to the Shares.

2. TIME AND DATE OF THE DISTRIBUTION

Please refer to pages 7 of the Circular for the expected dates of certain important steps related to the Distribution.

Any changes to these dates and times will be announced on SENS and published in the South African press.

3. CONVERSION PRICE

The GSSA CCNs and the GSPL CCNs will be converted into Shares in terms of the Distribution, wherein for each 40 Grindrod Shares, the holder will receive 1 GRIN CNN which in turn will convert into 1 Grindrod Shipping Share.

4. PARTICIPATION IN THE DISTRIBUTION

Refer to pages 10 to 11 of the Circular.

5. REPRESENTATION

Any person accepting the Consideration Shares shall be deemed to have represented to the Company, GSPL and GSSA that a copy of this Pre-Listing Statement was specifically addressed and delivered to and was in the possession of such person. Any person accepting the Consideration Shares on behalf of another person shall be deemed to have represented to the Company, GSSA and GSPL that such person is duly authorised to do so and warrants that such person and the purchaser for whom such person is acting as agent is duly authorised to do so in accordance with all relevant laws and such person guarantees the issuance of the Consideration Shares and that a copy of this Pre-Listing Statement was specifically addressed and delivered to and was in the possession of the purchaser for whom it is acting as agent.

6. ACQUISITIONS MADE FROM PROCEEDS

This Listing does not coincide, directly or indirectly, with the acquisition by the Company of securities in the business undertaking of any other company other than in terms of the Spin-Off.

7. DELIVERY OF THE CONSIDERATION SHARES

Each Grindrod Shareholder must, as soon as possible after being notified of an allocation of Consideration Shares, forward to:

- its CSDP, all information required by the Grindrod Shareholder's CSDP. Such information and instructions must be confirmed to the Grindrod Shareholder's CSDP no later than two, Business Days (expected to be Thursday, 14 June 2018) prior to the Implementation Date; and
- details of its CSDP, the name of the account holder and number of Shares and such other information as is required by the Transfer Secretaries in order to effect delivery of the relevant Consideration Shares. Such information must be confirmed by no later than Thursday, 14 June 2018, being two Business Days prior to the Implementation Date.

On the Implementation Date (which is expected to be Monday, 18 June 2018), each Grindrod Shareholder's allocation of Consideration Shares will be credited to the relevant CSDP or Broker during the Strate System settlement runs which occur throughout the day.

8. EXCHANGE CONTROL REGULATIONS

Currency and shares are not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations of the South African Reserve Bank as described more fully under *Exchange Control* on page 32 of this Pre-Listing Statement. The Exchange Control Regulations also regulate the acquisition by former residents and non-residents of Consideration Shares. The Grindrod Shareholders who are resident outside the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an acceptance of the Distribution.

9. DEMATERIALISATION OF THE CONSIDERATION SHARES

The Consideration Shares will be issued by the Company to the Grindrod Shareholders in Dematerialised form only (the "**Dematerialised Shares**"). Accordingly, all Grindrod Shareholders must appoint a CSDP under the terms of the Financial Markets Act, directly or through a broker, to receive and hold the Dematerialised Shares on their behalf. Dematerialised Shares are shares that have been Dematerialised (the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of the Strate System, as contemplated in the Financial Markets Act) and are "uncertificated securities" as defined in the Companies Act. Should a Grindrod Shipping Shareholder require a physical share certificate for its Shares following the Listing it should contact its CSDP to obtain one. It is noted that there are risks associated with holding shares in certified form, including the risk of loss or tainted scrip, which are no longer covered by the JSE guarantee fund. All Grindrod Shipping Shareholders who convert their Dematerialised Shares into shares that have not been Dematerialised will have to Dematerialise their Shares should they wish to trade them under the terms of Strate. Please see the paragraph below headed "*Strate*".

The duly appointed CSDP or broker of each Grindrod Shipping Shareholder will receive the Dematerialised Shares on such Grindrod Shareholder's behalf, which is expected to occur on Tuesday, 19 June 2018 during the Strate System settlement runs.

10. APPLICABLE LAW

The Distribution, applications, allocations and acceptances will be exclusively governed by the laws of South Africa and each Grindrod Shareholder will be deemed to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Distribution.

11. STRATE

Shares may only be traded on the JSE in electronic form as Dematerialised Shares and will be trading for electronic settlement in terms of the Strate System immediately following the Listing.

The Strate System is a system of "paperless" transfer of securities. If the Grindrod Shipping Shareholders have any doubt as to the mechanics of the Strate System they should please consult their broker, CSDP or other appropriate advisor. Please also refer to the Strate website at <http://www.strate.co.za>. Some of the principal features of the Strate System are as follows:

- electronic records of ownership replace share certificates and the physical delivery of share certificates;
- trades executed on the JSE must be settled within three Business Days;
- all the Grindrod Shipping Shareholders owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a broker or a CSDP to act on their behalf and to handle their settlement requirements; and
- unless the Grindrod Shipping Shareholders owning Dematerialised Shares specifically request their CSDP to register them as an "own name" shareholder (which entails a fee), their CSDP's or broker's nominee company, holding shares on their behalf, will be the registered shareholder (member) of the relevant company and not the Grindrod Shareholder. Subject to the agreement between the Grindrod Shipping Shareholder and the CSDP or broker (or the CSDP's or broker's nominee company), generally in terms of the rules of Strate, the Grindrod Shipping Shareholder is entitled to instruct the CSDP or broker (or the CSDP's or broker's nominee company) as to how it wishes to exercise the rights attaching to the shares and/or to attend and vote at shareholders meetings.

12. LISTING OF SHARES ON THE JSE

The JSE has conditionally approved the Listing of all the issued Shares in the " Industrials-Transportation Services" sector of the Main Board of the JSE under the abbreviated name "GRINSHIP", JSE share code: "GSH" and ISIN: SG9999019087, subject only to the Company obtaining the spread of shareholders required by the Listings Requirements. Should such condition be fulfilled, the Listing of all the issued Shares on the Main Board of the JSE is expected to be effective from the commencement of business on Tuesday, 19 June 2018.

TAXATION

TAXATION CONSIDERATIONS

The following summary describes the principal South African income tax considerations generally applicable to the Proposed Transaction. This summary is based on the current provisions of the Income Tax Act, and the prevailing practice adopted by the South African Revenue Service (“SARS”) published in writing prior to the date hereof. This summary does not consider legislative proposals to amend the Income Tax Act.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular Grindrod Shareholder. This summary is not exhaustive of all South African income tax considerations. Accordingly, Grindrod Shareholders should consult their own tax advisors as to the tax consequences under the tax laws of the country of which they are resident or otherwise subject to tax of participating in the Distribution.

Grindrod

Grindrod Shipping Business Disposal

Grindrod will receive the GSPL CCNs as consideration (i.e. proceeds) for the disposal of all the ordinary shares in GSPL. Grindrod will disregard any capital loss or capital gain on the disposal of the GSPL shares as it will meet the requirements of the participation exemption for the disposal of shares in foreign companies (Paragraph 64B of the Eighth Schedule to the Income Tax Act).

Grindrod will receive the GSSA CCNs as consideration (i.e. proceeds) for the disposal of all the ordinary shares in GSSA. A capital gain will be derived by Grindrod on disposal of the equity shares in GSSA as the base cost will exceed the proceeds (i.e. the GSSA CCNs) and Grindrod will include the capital loss in determining its aggregate capital loss for that year of assessment.

Grindrod Distribution

Grindrod will be deemed to have disposed of the GRIN CCNs for proceeds equal to the market value thereof (i.e. the face value) and this value will also be the base cost of the GRIN CCNs. Therefore the proceeds will be equivalent to the base cost and Grindrod will not derive a capital gain or loss on the Grindrod Distribution.

Grindrod will distribute the GRIN CCNs as a dividend *in specie* to Qualifying SA Corporates and as a return of capital to all other Grindrod Shareholders (i.e. South African tax resident individuals and trusts as well as all non-South African tax resident Grindrod Shareholders). Grindrod will therefore not be liable for any dividends tax on the Distribution to the Qualifying SA Corporates.

There are no South African STT implications on the Distribution of the GRIN CCNs, as they will not be a “security” as defined in the relevant South African legislation.

The tax treatment for the Grindrod Distribution for each category of shareholder is set out below:

South African Tax Resident Grindrod Shareholders

Individuals and Trusts

Individuals and Trusts will obtain a base cost in the Grindrod Shipping Shares equivalent to the market value of the distributed GRIN CCNs.

Post the transaction, South African dividends tax at 20% will be withheld on any foreign cash dividends declared and paid by GRIN to Individuals and Trusts holding Grindrod Shipping Shares listed on the exchange operated by the JSE, subject to any applicable exemptions that may apply.

Individuals and Trusts that dispose of their Grindrod Shipping Shares listed on the exchange operated by the JSE will be subject to either income tax (in the case of share dealers) or capital gains tax (in the case of capital investors).

A controlled foreign company (“CFC”) is a foreign company in which more than 50% of the participation rights/voting rights are held/exercisable by SA Tax Residents who are not headquarter companies. The Grindrod Shipping Shares will be held more than 50% by SA Tax Resident ordinary shareholders, who will each hold at least 5% of the listed Grindrod Shipping Shares, and thus GRIN will be a CFC after conversion of the CCNs to Grindrod Shipping Shares. Any non-South African subsidiaries of GRIN in which it can exercise more than 50% of the voting rights will also be CFCs.

Certain profits of CFCs are included in the taxable income of SA Tax Resident ordinary shareholders. In respect of GRIN, only those SA Tax Resident ordinary shareholders holding, alone or together with any connected person, 10% or more of the Grindrod Shipping Shares must include in their taxable income (i.e. impute unless any of the exemptions from imputation apply – see below) their proportion of the “net income” of GRIN, with such proportion being their proportional shareholding equivalent to the percentage of their shareholding in the Grindrod Shipping Shares.

Profits of a CFC will be exempted from imputation (i.e. not included in net income):

- where the CFC is “highly taxed” (simplistically stated, taxed at a rate of 21% or more). The corporate income tax rate in Singapore is 17% therefore the “highly taxed” exemption will likely not apply to GRIN;
- amounts attributable to a foreign business establishment (“FBE”) of a CFC (which includes a vessel used solely outside South Africa for purposes of transportation operated directly by the CFC, or by any other company that has the same country of residence as, and that forms part of the same group of companies as, that CFC and a ship engaged in international traffic used mainly outside South Africa);
- any interest, royalties, rental or income of a similar nature paid or payable or deemed to be paid or payable to it (GRIN) by any other CFC (i.e. GSPL);
- amounts subject to South African withholding tax; and
- income that is taxable in South Africa as South African sourced income.

SA Tax Resident Ordinary Shareholders who, together with connected persons, will acquire more than 10% of the Grindrod Shipping Shares are advised to obtain tax advice regarding whether they will have a South African tax exposure as a result of GRIN being a CFC forming part of the same group of companies as the receiving CFC.

SA Corporates

SA Corporates that submit the prescribed declaration and written undertaking to their Regulated Intermediary or Grindrod in order to become a Qualifying SA Corporate will acquire their GRIN CCNs from the Grindrod Distribution as a dividend *in specie*. Qualifying SA Corporates will have met the requirements for exemption from dividends tax in terms of the Income Tax Act. Qualifying SA Corporates will obtain a base cost equivalent to the market value of the distributed GRIN CCNs.

However, where the SA Corporate fails to provide the prescribed information and therefore fails to be a Qualifying SA Corporate such SA Corporate will acquire their GRIN CCNs from the Grindrod Distribution as a return of capital and obtain a base cost equivalent to the market value of the distributed GRIN CCNs.

SA Corporates which will acquire CCNs from the Grindrod Distribution as a return of capital must reduce the expenditure on their Shares by the market value of the GRIN CCNs on the date that the GRIN CCNs are received (i.e. on the Implementation Date immediately after the Disposal). Any excess amount will be treated as a capital gain in the determination of the SA Corporate's aggregate capital gain or aggregate capital loss for the year of assessment in which the return of capital (i.e. GRIN CCNs) will be received by or accrue to the SA Corporate.

The comments relating to the tax consequences on conversion of the GRIN CCNs, for South African Tax Resident Individuals and Trusts above apply equally to SA Corporates and Qualifying SA Corporates.

Accordingly, SA Corporates and Qualifying SA Corporates will after conversion of the GRIN CCNs to Grindrod Shipping Shares obtain a base cost in the Grindrod Shipping Shares equivalent to the market value of the distributed GRIN CCNs.

Post the transaction, South African dividends tax at 20% will be withheld on any foreign cash dividends declared and paid by the GRIN to SA Corporates holding Grindrod Shipping Shares listed on the exchange operated by the JSE, subject to any applicable exemptions that may apply.

Qualifying SA Corporates (i.e. SA Corporates that have submitted the prescribed information to their Regulated Intermediary or GRIN prior to payment of the relevant foreign cash dividend) will qualify for the exemption from dividends tax.

SA Corporates that dispose of their Grindrod Shipping Shares listed on the exchange operated by the JSE will be subject to either income tax (in the case of share dealers) or capital gains tax (in the case of capital investors).

The comments relating to the CFC considerations, for South African Tax Resident Individuals and Trusts, above apply equally to SA Corporates.

SA Corporates who, together with connected persons, will acquire more than 10% of the Grindrod Shipping Shares are advised to obtain tax advice regarding whether they will have a South African tax exposure as a result of GRIN being a CFC forming part of the same group of companies as the receiving CFC.

Non-South African Tax Resident Shareholders (“Non-SA Tax Resident Ordinary Shareholders”)

Non-SA Tax Resident Ordinary Shareholders for purposes of the Income Tax Act will acquire their GRIN CCNs from the Grindrod Distribution as a return of capital and obtain a base cost equivalent to the market value of the distributed GRIN CCNs.

Non-SA Tax Resident Ordinary Shareholders for purposes of the Income Tax Act will acquire their GRIN CCNs from the Grindrod Distribution as a return of capital must reduce the expenditure on their Grindrod Shares by the market value of the GRIN CCNs on the date that the GRIN CCNs are received (i.e. on the Implementation Date immediately after the Disposal). Any excess amount will not be treated as a capital gain as it does not relate to an asset subject to South African capital gains tax provided the return of capital is not attributable to a permanent establishment of the Non-SA Tax Resident Ordinary Shareholder in South Africa.

Under current law, no South African withholding tax will be levied on the receipt of the GRIN CCNs as a return of capital from the Grindrod Distribution by a Non-SA Tax Resident Ordinary Shareholder.

The comments relating to the tax consequences on conversion of the GRIN CCNs, for South African Tax Resident Individuals and Trusts above apply equally to Non-SA Tax Resident Ordinary Shareholders.

Accordingly, Non-SA Tax Resident Ordinary Shareholders will after conversion of the GRIN CCNs to Grindrod Shipping Shares obtain a base cost in the Grindrod Shipping Shares equivalent to the market value of the distributed GRIN CCNs.

Post the transaction, no South African dividends tax at 20% will be withheld on any foreign cash dividends declared and paid by GRIN to Non-SA Tax Resident Ordinary Shareholders holding Grindrod Shipping Shares listed on the exchange operated by the JSE as a specific exemption is applicable in terms of the Income Tax Act.

Non-SA Tax Resident Ordinary Shareholders that dispose of their Grindrod Shipping Shares listed on the exchange operated by the JSE will not be subject to capital gains tax (in the case of capital investors) provided that the Grindrod Shipping Shares are not attributable to a permanent establishment of the Non-SA Tax Resident Ordinary Shareholder in South Africa.

Where the Non-SA Tax Resident Ordinary Shareholders are share dealers no income tax will be payable on disposal of their Grindrod Shipping Shares listed on the exchange operated by the JSE as the income will not be from a South African source.

EXCHANGE CONTROL

The information below is not intended as legal advice and it does not purport to describe all of the considerations that may be relevant to a prospective purchaser of the Grindrod Shipping Ordinary Shares. Prospective purchasers of the Shares that are South African residents or emigrants from the Common Monetary Area (as defined below) to South Africa are urged to seek further professional advice in regard to the purchase of Shares.

Exchange controls are administered by the Financial Surveillance Department of the South African Reserve Bank (“**SARB**”), in terms of the Exchange Control Regulations, 1961, and regulate transactions involving South African residents. The purpose of exchange controls is to mitigate the decline of foreign capital reserves in South Africa. Parent expects that South African exchange controls will continue to operate in the foreseeable future. The Government of South Africa has, however, committed itself to relaxing exchange controls gradually and significant relaxation has occurred in recent years.

Approval for the Spin-Off has been obtained from the SARB in respect of the disposal of South African securities by Parent and the acquisition of South African securities by Grindrod Shipping, a non-resident. No financial guarantee with recourse to South Africa will exist at the time of the issuing of the Consideration Shares.

In terms of the Exchange Control Regulations of South Africa;

- any share certificates issued for JSE listed Shares that might be issued to non-resident shareholders will be endorsed ‘Non-Resident’;
- any new share certificates issued for JSE listed Shares based on emigrants’ shares controlled in terms of the Exchange Control Regulations, will be forwarded to the Authorised Dealer controlling their remaining assets. Such share certificates will be endorsed ‘Non-Resident’.

The issue of the Shares by Grindrod Shipping does not require any exchange control approval from the SARB, as Grindrod Shipping is not a resident of South Africa.

Residents of the CMA

Residents in the CMA (comprising South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland) or offshore subsidiaries of a resident in the CMA may not subscribe for or purchase any Shares registered on the U.S. branch register or beneficially own or hold any Shares registered on the U.S branch register unless specific approval has been obtained from the SARB by such persons for such subscription, purchase or beneficial holding or ownership or as is otherwise permitted under the South African Exchange Control Regulations or the rulings promulgated thereunder.

ADDITIONAL INFORMATION

1. INFORMATION ON SUBSIDIARIES

The Company's subsidiaries have been set out in **Annexure 10** to this Pre-Listing Statement.

2. PRINCIPAL IMMOVABLE PROPERTY OWNED OR LEASED

The Company does not own any material real property. The Company does lease office space in several counties.

3. PROPERTY ACQUIRED OR TO BE ACQUIRED

Save for in terms of the Spin-Off, neither the Company nor GSPL has and will not be acquiring any material acquisition(s) which include any securities, business undertaking(s), immovable property or any other property/ies in the nature of a fixed asset or any option to acquire such property.

4. DISPOSAL OF PROPERTY

Neither the Company nor GSPL has disposed of any material property in the last 3 (three) years.

5. VENDORS

During the three years preceding the date of this Pre-Listing Statement, save as set out herein and in terms of the Sale Agreements, the GSHL Group has not acquired any material assets from any vendor other than the Parent, whose principal place of business is at 108 Margaret Mncadi Avenue, Durban.

The Company will issue Compulsorily Convertible Notes to the Parent in exchange for the GSSA and GSPL shares ("**Acquired Assets**"). The Compulsorily Convertible Notes will be automatically convertible into the Consideration Shares which will be issued by the Company to the Grindrod Shareholders.

The Acquired Assets will be transferred into the name of the Company on the Implementation Date and it is not intended that they be ceded or pledged.

Save as set out herein, no promoter or Director has or acquired a beneficial interest, direct or indirect, in the acquisition of any material asset from any vendor.

None of the vendors to the Company has guaranteed the book debts or other assets of the Company. Accordingly, no warranties have been given in this respect.

None of the Company's vendors' agreements preclude the vendors from carrying on business in competition with the Company or any of its subsidiaries and there are no other restriction(s) on the vendor(s) and there are no restraint(s) of trade in respect of such vendors.

There is no liability for accrued taxation in terms of the vendors' agreements.

The Company has subsidiaries (as set out in **Annexure 12** to this Pre-Listing Statement) and does not directly own shares in companies that will not be accounted for as subsidiaries other than GSPL and GSSA.

6. INTERESTS OF ADVISORS AND PROMOTERS AND AMOUNTS PAID OR PAYABLE TO PROMOTERS

None of the advisors, as set out in the "*Corporate Information*" section on pages 5 of this Pre-Listing Statement, hold any Shares or have agreed to acquire any Shares.

The Company has not paid any amount (whether in cash or in securities), nor given any benefit to any promoters or any partnership, company, syndicate or other association of which any promoter or director of the GSHL Group was a member, during the three years preceding the date of this Pre-Listing Statement and no director of the GSHL Group or promoters have any material beneficial interest in the promotion of the Company.

7. MATERIAL CONTRACTS

Refer to Annexure C of the Circular and Annexure 8 of this Pre-Listing Statement for more information relating to material contracts.

8. MATERIAL CAPITAL COMMITMENTS

The Company does not need to disclose any material capital commitments, lease payments or contingent liabilities other than as disclosed in the AFS of the Company.

9. CONTINGENT LIABILITIES

The company does not have any material commitments or contingent liabilities.

10. LEASE PAYMENTS

Refer to **Annexure 12**.

11. LOAN CAPITAL AND MATERIAL LOANS

Details of the material borrowings of the GSHL Group as at the Last Practicable Date are set out in **Annexure 6** to this Pre-Listing Statement.

Details of the material loans made to GSSA and GSPL as at the Last Practicable Date, are disclosed in **Annexure 6** of this Pre-Listing Statement

12. MATERIAL CHANGES

Save for the Proposed Transaction, there have been no material changes in the financial or trading position of the Company and/or GSPL as at the Last Practicable Date.

13. WORKING CAPITAL STATEMENT

The Directors are of the opinion that pursuant to the implementation of the Proposed Transaction the working capital available to the Company and/or GSPL is sufficient for their present requirements, that is for the next 12 months from the Last Practicable Date.

14. LITIGATION STATEMENT

The Company is currently involved in a dispute with Her Majesty's Revenue & Customs service of the United Kingdom ("HMRC") regarding a tax of 28% on a balancing charge against one of their subsidiaries. This tax relates to the purchase of the Torea vessel in December 2010 (which was subsequently sold in October 2017) following the vessel coming out of the U.K. tonnage tax regime earlier in the period. An adverse resolution of this dispute could result in an additional tax liability of approximately \$5.1 million plus interest on late paid tax. While defenses are available to Grindrod Shipping, a liability amount of \$2.4 million has been recorded in the combined financial statements. The HMRC has issued a closure notice indicating that this tax is payable, which the Company has appealed. The HMRC has recently provided correspondence indicating that they intend to respond to the appeal by May 18, 2018, although that date may be extended. Should the outcome of the appeal be negative, Grindrod Shipping will appeal to the Tax Tribunal in London and it is not currently possible to predict when the dispute will be finalized.

Other than outlined above, there are no legal or arbitration proceedings, pending or threatened, of which the Company and/or GSPL are aware, that may have or have had, in the 12-month period prior to the Last Practicable Date, a material effect on the financial positions of the Company and/or GSPL.

15. LEGAL MATTERS

The validity of the Consideration Shares and certain other legal matters will be pronounced upon by Edward Nathan Sonnenbergs Incorporated the Company's South African counsel.

16. EXPENSES

The Company has not incurred any preliminary expenses (within the meaning of the Listings Requirements and the Companies Act) over the last three Financial Years.

The expenses of the Proposed Transaction (including expenses incurred in relation to issuing the Consideration Shares, referred to as the issue expenses), are estimated to be in the sum of approximately R95.7 million.

The table below sets out the total estimated expenses, excluding VAT, of the Proposed Transaction:

Paid to/payable to	Estimated Amount (ZAR'm)
Lead Financial Advisor and Transaction Sponsor fees – Rand Merchant Bank	30.0
Financial Advisor fees – Clarksons Platou Securities, Inc.	6.2
U.S. Counsel fees – Fried, Frank, Harris, Shriver & Jacobson LLP	24.8
South African Legal and Tax Advisors fees – Edward Nathan Sonnenbergs Incorporated	5.0
Singapore Counsel fees - Wong Tan & Molly Lim LLC	0.8
Singapore-based Coordinating Counsel fees – Watson Farley and Williams LLP	2.5
Auditors and Independent Reporting Accountants fees – Deloitte and Touche	23.3
JSE documentation and listing fees – JSE Limited	0.6
Printing, postage and other transaction costs	2.5
Total	95.7

Estimated expenses of approximately R80.0 million of the amounts included in the table above will be settled by the Grindrod Shipping Business and the balance will be settled by the Grindrod Group.

17. COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING

No consideration has been paid within the three years preceding this Pre-Listing Statement or is payable to any person (including commission so paid or payable to any sub-underwriter that is the holding company, promoter, director or officer of the Company) for subscribing or agreeing to apply to subscribe, or agreeing to procure subscriptions for any of the Shares. No commissions, discounts, brokerage or other special terms were granted during the three years preceding the date of this Pre-Listing Statement in connection with the issue of any securities, stock or debentures in the capital of the Company.

18. DEBENTURES AND DEBENTURE STOCK

There are no debentures created in terms of a trust deed.

There are no debentures or debenture stock, issued by way of conversion or replacement of debentures previously issued by the Company.

19. CONFLICTS OF INTEREST

RMB is acting as Lead Financial Advisor and Transaction Sponsor to the Company in respect of the Listing. RMB confirms that this dual role does not affect or compromise its independence. However, as required in terms of the Listings Requirements, it is confirmed that in order to manage any potential or perceived conflicts of interest that might arise as a result of RMB acting in these roles, RMB has in place appropriate checks and balances to manage any potential or perceived conflicts of interests, including the existence of strict Chinese walls between its divisions, which each take no direction or instruction from the other.

20. CONSENTS

Each of the Sponsors and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names appearing in this Pre-listing Statement and have not withdrawn their consent prior to the publication of this Pre-listing Statement.

For the purpose of complying with the Listing Requirements in South Africa only, the Auditor has given and has not withdrawn its written consent to the issue of this Pre-Listing Statement with the inclusion herein of, and all references to: (i) its name; (ii) its Independent Reporting Accountants' report dated 25 April 2018 on the audit of the Company's financial information for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 and (iii) the *pro forma* information.

21. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors, whose names are given under *Management and Corporate Governance – Directors and Management*, collectively and individually, accept full responsibility for the accuracy of the information contained herein and certify that to the best of their knowledge and belief there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-Listing Statement contains all information required by law, the Listings Requirements and the requirements of NASDAQ.

22. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, will be available for inspection at the registered office of the Company, during normal business hours from 7 May 2018 up to and including 19 June 2018:

- the Constitution;
- the GSPL Constitution;
- the GSPL SPA;
- the GSSA SPA;
- the Implementation Agreement;
- this Pre-Listing Statement;
- the Form 20-F;
- the support undertakings referenced in paragraph 9 of the Circular;
- the material contracts listed in this Pre-Listing Statement;
- the consents referenced in paragraph 11 of the Circular;
- a summary of the Directors', managers' and secretary/ies' service contracts entered into during the last three years;
- the audited annual financial statements of the Company for the Financial Year ended December 2017;
- the audited combined annual financial statements of the Company for the three Financial Years ended December 2015, December 2016 and December 2017; and
- a signed copy of the Circular.

SIGNED AT SINGAPORE ON 7 MAY 2018 BY MARTYN WADE ON BEHALF OF ALL THE DIRECTORS OF GRINDROD SHIPPING HOLDINGS LIMITED, BEING DULY AUTHORISED HERETO UNDER AND IN TERMS OF A RESOLUTION OF THE BOARD OF DIRECTORS OF GRINDROD SHIPPING HOLDINGS LIMITED.

HISTORICAL FINANCIAL INFORMATION OF GRINDROD SHIPPING FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 31 DECEMBER 2016 AND 31 DECEMBER 2015

COMBINED HISTORICAL INFORMATION OF GRINDROD SHIPPING

Introduction

The combined historical financial information of Grindrod Shipping, as presented in Annexure 1 represents an aggregation of the reported financial results of the various companies and trading divisions as detailed below that will form part of Grindrod Shipping post listing. The combined financial information for the years ended 31 December 2017, 31 December 2015 and 31 December 2016 reported in this Annexure 1 therefore incorporates the financial information of the below mentioned subsidiaries:

- Grindrod Shipping Pte Limited(GSPL)
- Grindrod Shipping (South Africa) Propriety Limited(GSSA) excluding the subsidiary Unicorn Bunker Services Pty Ltd (Unicorn Bunker Services) and the division of Ocean Africa Container Lines(OACL)

The basis of preparation of the Statements of Comprehensive Income in the Combined Historical Financial Information of Grindrod Shipping in this Annexure 1 (detailed in the paragraph below) differs to that applied in the preparation of the Statements of Comprehensive Income (as detailed in **Annexure 3**).

Annexure 1 combines the historical performance of the underlying components listed above on the basis of Grindrod Shipping having been in existence as an established group over the entire period without any consideration for the timing of the establishment of Grindrod Shipping or any of the underlying transactions affected in terms of the Restructure. Accordingly, as stated herein, the historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved and otherwise reported upon.

The Statements of Comprehensive Income presented in **Annexure 3** does give consideration to the timing of the establishment of Grindrod Shipping and the underlying transactions affected in terms of the Restructure. Accordingly, it is representative of the financial performance that would have been and will be achieved and reported on by the Grindrod Shipping. The business divisions of GSSA, OACL and the subsidiary of GSSA, Unicorn Bunker Services, were sold out of GSSA on the 1 January 2018 to a subsidiary of the Parent as they do not form part of this Transaction and their results have been appropriately excluded from the combined financial information as presented.

Background

The Shipping division of Grindrod Limited operates a diversified fleet of owned, long-term chartered and joint-venture dry-bulk, liquid-bulk and container vessels across the world, complemented by the supply of marine fuel and lubricants. Grindrod Limited intends separating the Grindrod Shipping Business from the balance of the Grindrod Group (with the exception of the bunker, container and marine fuel and lubricant business) and separately listing the shipping business on an appropriate offshore stock exchange (with a secondary inward listing on the JSE), as it does not believe that the value of the Grindrod Shipping Business is fairly reflected in the ordinary share price.

Grindrod Shipping reported a loss for three consecutive years (31 December 2017, 31 December 2016 and 31 December 2015) with dry-bulk rates at historical lows in 2016 and the tanker rates decreasing to 2014 levels. The depressed market has been as a result of oversupply of the dry bulk fleet despite the newbuilding cancellations, increased scrapping and stressed liquidity and has been slow to recover.

Due to Grindrod Shipping's brands (IVS and Unicorn Bunker Services) and strong relationships with long term customers, the effects of the harsh market conditions were mitigated to an extent and the shipping teams were able to outperform the leading market rate indicators. In the second half of the 2016 year, the dry bulk market showed signs of a rebound which has continued through to 2017.

At the end of 2017, Grindrod Shipping commercially managed 38 dry-bulk vessels, which included 5 Japanese-owned handy size dry-bulk vessels on behalf of third parties. 18 vessels per month were managed through short term commercial management agreements. The Grindrod Tanker fleet was commercially managed through pools and long-term charter agreements

The Statement of Comprehensive Income for 2017 reflects an impairment on vessels and on Intangibles and Goodwill which is detailed in Note 13, Note 17, and Note 18. The ships carrying value as well as the Intangibles and Goodwill held in respect of ship operating businesses has been significantly impacted by market conditions which has resulted in necessary impairments.

Directors' statement of responsibility for the historical combined financial information

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial information. The historical combined financial information is an aggregation of the Grindrod Shipping Pte Limited and the Grindrod Shipping (South Africa) Pty Limited (excluding the subsidiary Unicorn Bunker Services and the division Ocean Africa Container Lines) accounting records and is prepared in accordance with the requirements of the International Financial Reporting Standards and the International Standards on Auditing. The accounting records of the underlying statutory entities have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, Chapter 50 (the "Act") in Singapore.

In accordance with the Act the Directors are required to maintain adequate accounting records. The Directors are responsible for the preparation, integrity and fair presentation of the historical combined financial information included in this report.

The Historical combined financial information is 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.

Preparation of the combined historical financial information

The preparation of the combined historical financial information was supervised by Mr S Griffiths CA (SA), Chief Financial Officer of Grindrod Shipping.

COMBINED HISTORICAL INFORMATION OF GRINDROD SHIPPING

COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017, 31 December 2016, 31 December 2015

		31 December 2017	31 December 2016	31 December 2015
	Notes	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	6	46,521	58,368	68,130
Trade receivables	7	13,399	14,709	21,789
Other receivables and prepayments	8	17,187	21,589	19,644
Due from related parties	9	52,505	45,807	20,364
Loans to joint ventures	10	18,180	15	2,639
Derivative financial instruments	11	123	225	300
Inventories	12	9,078	10,846	7,793
Current tax asset		761	3,361	–
Total current assets		157,754	154,920	140,659
Non-current assets				
Other receivables and prepayments	8	72	64	–
Loans to joint ventures	10	7,301	35,315	31,920
Ships, property, plant and equipment	13	238,591	284,029	298,725
Interest in subsidiaries	14	6,399	5,791	5,082
Interest in joint ventures	15	64,296	66,575	61,145
Intangible assets	16	61	4,258	4,539
Goodwill	17	8,420	16,022	14,435
Deferred tax assets	40	1,179	562	3,056
Total non-current assets		326,319	412,616	418,902
Total assets		484,073	567,536	559,561

COMBINED HISTORICAL INFORMATION OF GRINDROD SHIPPING

COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017, 31 December 2016, 31 December 2015

		31 December 2017	31 December 2016	31 December 2015
	Notes	US\$'000	US\$'000	US\$'000
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans	18	87,964	32,526	91,938
Trade and other payables	19	28,354	31,925	32,420
Provision for onerous contract	20	1,271	8,697	4,876
Due to related parties	21	20,161	18,701	19,159
Loans from related parties	22	–	37,253	–
Derivative financial instruments	11	138	450	2,964
Bank overdraft	6	4,028		
Income tax payable		331	3,251	2,826
Total current liabilities		142,247	132,803	154,183
Non-current liabilities				
Bank loans	18	20,790	70,481	–
Deferred tax liabilities	40	–	994	1,231
Retirement benefit obligation	41	2,180	2,065	1,972
Trade and other payables	19	1,168	873	687
Total non-current liabilities		24,138	74,413	3,890
Capital and reserves				
Share capital and premium	23	474,101	459,101	459,101
Share option reserve	24	(746)	(345)	(284)
Hedging reserve	25	(15)	(225)	(2,642)
Translation reserve	25	2,194	(2,593)	(9,039)
Non-distributable reserve	25	51	(106)	(445)
Accumulated losses		(157,897)	(95,512)	(45,203)
Equity attributable to parent company		317,688	360,320	401,488
Total equity and liabilities		484,073	567,536	559,561

See accompanying notes to financial statements.

COMBINED HISTORICAL INFORMATION OF GRINDROD SHIPPING

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017, 31 December 2016, 31 December 2015

		31 December 2017	31 December 2016	31 December 2015
	Notes	US\$'000	US\$'000	US\$'000
Revenue	26	355,035	319,271	378,313
Cost of sales	27	(348,579)	(331,219)	(366,944)
Gross profit		6,456	(11,948)	11,369
Other operating income	29	3,395	4,608	5,780
Administrative expenses		(25,143)	(21,593)	(21,272)
Other operating expenses	30	(33,557)	(17,468)	(70,703)
Share of losses of joint ventures	15	(12,946)	(3,472)	(18,748)
Interest income	31	5,263	3,838	2,285
Interest expense	32	(6,169)	(4,684)	(4,231)
Loss before taxation	33	(62,701)	(50,719)	(95,520)
Income tax expense	34	316	410	(1,600)
Loss for the year		(62,385)	(50,309)	(97,120)
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Re-measurement of defined benefit obligation		157	339	30
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign operations		4,787	6,446	(13,734)
Cash flow hedges		210	2,417	4,122
		4,997	8,863	(9,612)
Other comprehensive income for the year, net of income tax		5,154	9,202	(9,582)
Total comprehensive loss for the year		(57,231)	(41,107)	(106,702)

See accompanying notes to financial statements.

COMBINED HISTORICAL INFORMATION OF GRINDROD SHIPPING

COMBINED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2017, 31 December 2016, 31 December 2015

	Share capital	Share premium	Share option reserve	Hedging reserve	Translation reserve	Non-distributable reserve	Accumulated (losses) profits	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2015	417,599	19,906	(450)	(6,764)	4,695	(475)	55,307	489,818
Loss for the year	-	-	-	-	-	-	(97,120)	(97,120)
Other comprehensive income (loss) for the year, net of income tax	-	-	-	4,122	(13,734)	30	-	(9,582)
Total comprehensive loss for the year	-	-	-	4,122	(13,734)	30	-	(106,702)
Issue of ordinary shares (Note 23)	*	21,596	-	-	-	-	-	21,596
Recognition of share-based payments (Note 24)	-	-	166	-	-	-	-	166
Dividends (Note 35)	-	-	-	-	-	-	(3,390)	(3,390)
Balance at 31 December 2015	417,599	41,502	(284)	(2,642)	(9,039)	(445)	(45,203)	401,488
Loss for the year	-	-	-	-	-	-	(50,309)	(50,309)
Other comprehensive income for the year, net of income tax	-	-	-	2,417	6,446	339	-	9,202
Total comprehensive loss for the year	-	-	-	2,417	6,446	339	(50,309)	(41,107)
Recognition of share-based payments (Note 24)	-	-	(61)	-	-	-	-	(61)
Balance at 31 December 2016	417,599	41,502	(345)	(225)	(2,593)	(106)	(95,512)	360,320
Loss for the year	-	-	-	-	-	-	(62,385)	(62,385)
Other comprehensive income for the year, net of income tax	-	-	-	210	4,787	157	-	5,154
Total comprehensive loss for the year	-	-	-	210	4,787	157	(62,385)	(57,231)
Issue of ordinary shares (Note 23)	15,000	-	-	-	-	-	-	15,000
Recognition of share-based payments (Note 24)	-	-	(401)	-	-	-	-	(401)
Balance at 31 December 2017	432,599	41,502	(746)	(15)	2,194	51	(157,897)	317,688

* Amount is less than US\$1,000

See accompanying notes to combined financial statements.

COMBINED HISTORICAL INFORMATION OF GRINDROD SHIPPING

COMBINED STATEMENTS OF CASH FLOWS

Year ended 31 December 2017, 31 December 2016, 31 December 2015

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Operating activities			
Loss before taxation	(62,701)	(50,719)	(95,520)
Adjustments for:			
Share of losses of joint ventures	12,946	3,472	18,748
(Gain)/loss on disposal of ships, property, plant and equipment	(172)	1,071	(92)
Depreciation of ships, property, plant and equipment and amortisation	17,053	19,706	25,581
Impairment loss recognised on ships	16,503	12,625	67,800
Allowance for doubtful debts	–	–	170
(Reversal of)/provision for onerous contracts	(7,426)	3,821	3,353
(Reversal of) expense recognised in respect of equity settled share-based payments	(401)	(69)	166
Net (gain) loss on derivatives financial instruments	–	(22)	22
Net foreign exchange (gain) loss	(1,242)	(1,207)	1,077
Interest expense	6,169	4,684	4,231
Interest income	(5,263)	(3,838)	(2,285)
Impairment loss on goodwill and intangibles	12,118	–	–
Components of defined benefit costs recognised in profit or loss	63	170	62
	<u>(12,353)</u>	<u>(10,306)</u>	<u>23,313</u>
Operating cash flows before movements in working capital			
Inventories	2,175	(2,995)	5,036
Capital expenditure on ships (Note A)	(5,219)	(28,836)	(9,730)
Proceeds from disposal of ships	17,727	12,275	12,858
Trade receivables, other receivables and prepayments	4,533	8,542	45,469
Trade and other payables	(3,731)	(2,423)	(20,532)
Due from related parties	(2,515)	(10,701)	(628)
Due to related parties (Note A)	6,715	12,069	46,234
Net cash generated from/(used in) operations	7,332	(22,375)	102,020
Interest paid	(5,827)	(3,771)	(4,320)
Interest received	776	1,384	8,678
Income tax paid	(1,093)	80	(24)
Net cash flows generated (used in) from operating activities	<u>1,188</u>	<u>(24,682)</u>	<u>106,354</u>

COMBINED HISTORICAL INFORMATION OF GRINDROD SHIPPING

COMBINED STATEMENTS OF CASH FLOWS

Year ended 31 December 2017, 31 December 2016, 31 December 2015

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Investing activities			
Advances to immediate holding company and related parties	(1,712)	(23,500)	(33,687)
Purchase of plant and equipment	(111)	(183)	(630)
Purchase of intangible assets	(19)	–	(59)
Repayment of loans by joint ventures	–	–	500
Dividends received from joint ventures	–	3,320	11,731
Investment in joint ventures	–	(13,735)	(20,240)
Net cash outflow on acquisition of assets (Note 39)	–	–	(12,250)
Loan to third party	13	(157)	–
Net cash used in investing activities	(1,829)	(34,255)	(54,635)
Financing activities			
Long-term interest bearing debt raised	45,150	30,000	10,000
Payment of capital portion of long term interest-bearing debt	(39,281)	(18,957)	(34,323)
Loans from related parties	5,000	37,000	–
Restricted cash	58	(110)	(3,201)
Issue of shares	15,000	–	–
Repayment of loans from related companies	(42,000)	–	–
Dividends paid	–	–	(3,390)
Net cash flows (used in) generated from financing activities	<u>(16,073)</u>	<u>47,933</u>	<u>(30,914)</u>
Net (decrease)/increase in cash and cash equivalents	(16,714)	(11,004)	20,805
Cash and cash equivalents at the beginning of the year	53,127	62,999	45,336
Effect of exchange rate changes on the balance of cash held in foreign currencies	897	1,132	(3,142)
Cash and cash equivalents at the end of the year (Note 6)	<u>37,310</u>	<u>53,127</u>	<u>62,999</u>

COMBINED HISTORICAL INFORMATION OF GRINDROD SHIPPING**COMBINED STATEMENTS OF CASH FLOWS (cont'd)**

Year ended 31 December 2017, 31 December 2016, 31 December 2015

Note A:

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's combined statement of cash flows as cash flows from financing activities.

	1 January 2017	Financing cash flows ⁽ⁱ⁾	Non-cash changes	Other changes ⁽ⁱⁱ⁾	31 December 2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans (Note 18)	103,007	5,869	–	(122)	108,754
Loans from related parties (Note 22)	37,253	(37,000)	–	(253)	–

⁽ⁱ⁾ The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

⁽ⁱⁱ⁾ Other changes include interest accruals and payments

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 December 2017, 31 December 2016, 31 December 2015

1. GENERAL

General information

The board of Directors of Grindrod Limited, a public company incorporated in accordance with the laws of the Republic of South Africa, or Parent, has approved the demerger of its shipping business, which we refer to as the Spin-Off. It is expected that Grindrod Limited will sell all of the shares it holds in Grindrod Shipping Pte. Ltd, and Grindrod Shipping (South Africa) Pty Ltd, to Grindrod Shipping (formerly Grindrod Shipping Holdings Pte. Ltd.). Grindrod Shipping is a newly formed entity incorporated on 2 November 2017 in accordance with the laws of the Republic of Singapore, created to hold Grindrod Limited's shipping business, in exchange for a market related consideration that will be settled by way of the issuance by Grindrod Shipping of compulsorily convertible notes which will convert to the ordinary shares of Grindrod Shipping.

These combined financial statements represent the combination of Grindrod Shipping Pte Ltd and its subsidiaries and Grindrod Shipping (South Africa) Proprietary Limited and its subsidiaries (the "Group") excluding the subsidiary Unicorn Bunker Services and the division Ocean Africa Container Lines. For all periods presented in these combined financial statements, the Group was under the management of Grindrod Limited and therefore considered to be under common management which forms the basis of the combination. The purpose of the combined financial statements is to provide general purpose historical financial information of Grindrod Shipping Pte. Ltd. and Grindrod Shipping (South Africa) Pty Ltd excluding the subsidiary Unicorn Bunker Services and the division Ocean Africa Container Lines for the years ended 31 December 2017, 2016 and 2015.

The principal activities of the Group are sales of vessels, ship chartering and operating. Information of the entities within the Group is contained in Note 14.

This section also describes how the combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations as issued by the International Accounting Standards Board.

Instances of departure from these reporting standards are highlighted in the "Basis of preparation of combined financial statements section". The Directors of Grindrod Limited are responsible for the preparation of the combined financial statements and believe that the basis of preparation fairly presents the Shipping Group's combined financial statements in the circumstances set out below.

The combined financial statements are prepared in accordance with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The combined financial statements of the Group for the Financial Year ended 31 December 2017, 2016 and 2015 were authorised for issue by the Board of Director of Grindrod Limited on 23 March 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

2.2 Basis of preparation of combined financial statements

The combined financial statements, being the Shipping Group's recorded historical information, has been prepared in accordance with IFRS and section 8.1 to 8.13 of the JSE Listings Requirements.

IFRS does not provide for the preparation of combined financial statements, and accordingly in preparing the combined financial statements certain accounting conventions commonly used in the preparation of combined financial statements for inclusion in circulars have been applied as detailed below:

Principles of IFRS10 Consolidated financial statements and IFRS3 Business Combinations

The principles of IFRS 10 *Consolidated financial statements* and IFRS3 *Business Combinations* are not applicable to the combined financial statements except as insofar as intercompany transactions and balances between entities within the Shipping Group are eliminated.

Share Capital

The Shipping Group does not constitute a separate legal entity and therefore the historical analysis of the combined share capital and accumulated earnings is not representative of that of the Shipping Group to be reported on in future periods. The total equity attributable to owners of the Shipping Group as disclosed in the combined financial information represents the cumulative historical investment of Grindrod Limited in the Shipping Group.

Earnings per share, diluted earnings per share and headline earnings per share

As at 31 December 2017, 31 December 2016 and 31 December 2015, the Shipping Group had not yet issued any ordinary shares, therefore, it is not meaningful to disclose a historical analysis of various earnings per share metrics.

IAS 24 – Related Party Disclosures

Transactions and balances owing to other divisions of Grindrod Limited have been disclosed as related parties.

Intercompany transactions and funding

All transactions between the Shipping Group and the rest of the Grindrod Limited Group of Companies, which have historically been eliminated in the Consolidated Financial Statements of Grindrod Limited, have now been presented either as amounts owing to or receivable from Related Parties as though they were with an external related party. These transactions are presented in note 9,21 and 22.

Centralised costs

The historical combined financial information for the Shipping Group includes allocated central costs from Grindrod Limited relating to certain central services which were recharged.

Income tax and deferred tax

Taxes have been included as a combination of statutory entity tax expenses and positions.

Significant accounting policies

In preparing the combined financial statements, the underlying statutory entities have complied with the accounting policies of the Grindrod Limited Group, an extract of which is presented below.

Extract of Grindrod Limited Group accounting policies

The combined financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The combined financial statements have been prepared on the parent basis, being Grindrod Limited and therefore reflect the transferred assets and liabilities at the historical cost of Grindrod Limited, the ultimate parent of the Group before the transfer to Grindrod Shipping Pte Ltd.

The combined financial statements of the Group have been derived from the financial statements of Grindrod Shipping Pte Ltd and Grindrod Shipping (South Africa) Proprietary Limited excluding the subsidiary Unicorn Bunker Services and division Ocean Africa Container Lines and their direct and indirect subsidiaries on the following basis:

- the carrying values of the assets and liabilities of the entities to the combination are recorded at the historical carrying amount of those assets and liabilities as recorded by Grindrod Limited and are not adjusted to fair value on combination;
- the results and cash flows of all the combining entities are brought into the combined financial statements of the combined entity from the beginning of the Financial Year in which the combination occurred. Prior year comparatives are also presented on the basis that the combination was in place throughout the prior year; and
- the share capital as of 31 December 2015, 2016 and 2017 represents the aggregate share capital of Grindrod Shipping Pte Ltd and Grindrod Shipping (South Africa) Proprietary Limited as if they have been combined throughout the period presented.

All intra-group balances, income, expenses and unrealized gains and losses arising from transactions between entities within the Group were eliminated when preparing the combined financial statements. Transactions with Grindrod Limited companies, which do not belong to the Group, have been disclosed as transactions with related parties.

2.3 Application of new and revised International Financial Reporting Standards (IFRSs)

On 1 January 2015, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. The adoption of these new/revised IFRSs has not resulted in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

2.4 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective

The Group has not applied the following new and revised IFRSs that are relevant to the Group were issued but are not yet effective:

IFRS 9	Financial Instruments ²
IFRS 15	Revenue from Contracts with Customers (and the related Clarifications) ²
IFRS 16	Leases ³
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 7	Disclosure Initiative ¹
IFRIC 22	Foreign Currency Transactions and Advanced Consideration ²

- 1 Effective for annual periods beginning on or after 1 January 2017, with early application permitted.
- 2 Effective for annual periods beginning on or after 1 January 2018, with early application permitted.
- 3 Effective for annual periods beginning on or after 1 January 2019, with early application permitted.
- 4 Effective for annual periods beginning on or after a date to be determined.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities as at fair value through profit or loss, IFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the Directors of the Company have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and Measurement

All financial assets and liabilities will continue to be measured on the same basis as is currently adopted under IAS 39.

Impairment

Financial assets measured at amortised cost will be subject to the impairment provision of IFRS 9.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by IFRS 9. Accordingly, management expects to recognise lifetime and 12-month expected credit losses for the trade receivables.

In general, the Directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the trade receivable and will increase the amount of loss allowance recognised.

Hedge accounting

Management do not anticipate that the application of the IFRS 9 hedge accounting requirements will have a material impact on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued *Clarifications to IFRS 15* in relation to the identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

The Group plans to adopt the new standard on the required effective date using the modified retrospective method. Further details of the Group's revenue are disclosed in Notes 2.16 and 26. The Group has two significant revenue streams: freight revenue and charter hire revenue. The latter contains a lease component which is therefore out of scope of IFRS 15. Management does not plan to early adopt IFRS 15.

Management have preliminarily assessed that each voyage under a freight revenue contract has been considered as a performance obligation. The transaction price is agreed with the customer for all types of contracts. The voyage result (revenue and voyage related costs) recognised during the voyage is based on estimates of costs and the duration of the voyage. According to IFRS 15 the revenue should be recognised, when the entity satisfies a performance obligation that is when a voyage is carried out, based on a contract with a customer. Our understanding of IFRS 15 is that only when there is a transfer of control to the customer, revenue can be recognised, meaning that revenue can be recognised from when the vessel is ready for load of cargo until the discharge of cargo at the destination.

Under the existing revenue standard, the Group recognises freight revenue over time from the loading of cargo to the discharge of cargo, except for freight revenue earned within the pools, which are recognised over time from the discharge of cargo in the previous voyage to the discharge of cargo in the current voyage. As such, the adoption of IFRS 15 will impact uncompleted voyages in the pools at the reporting date. Based on management's analysis, management does not expect the effect of the changed revenue recognition to be material.

Apart from providing more extensive disclosure on the Group's revenue transaction and the timing recognition of the above revenue, management does not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Group.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

Management anticipates that the application of IFRS 16 in the future will have a material impact on amounts reported in respect of its financial assets and financial liabilities as there are a significant number of leases in its operations. Assets will increase on the recognition of "right of use" of an underlying asset and liabilities will increase for the obligation to make lease payments. The profit and loss will be affected as the relevant lease expenses will be recognised as amortisation of the right of use asset and interest expense. Statement of cash flows will be affected by lease payments being classified as cash flow used in financing activities instead of cash flow used in operating activities. IFRS 16 will become effective for the Group in 2019 and management does not plan to early adopt IFRS 16. Currently, it is not possible to provide a reasonable estimate of the effect of IFRS 16 until the management have completed a detailed review.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for:

- effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- modification to terms and conditions of a share-based payment that changes the classification of transaction from cash-settled to equity-settled.

Management does not anticipate that the application of the amendments in the future will have a significant impact on the combined financial statements as the Group does not have any cash-settle share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments. Management does not plan to early adopt the amendments to IFRS 2.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. Management anticipates that the application of these amendments may have an impact on the Group's combined financial statements in future periods should such transactions arise. Management does not plan to early adopt the amendments to IFRS 10 and IAS 28.

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. Management does not expect any significant impact from applying the new amendment. Management does not plan to early adopt the amendments to IAS 7.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRS 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

Management do not anticipate that the application of the amendments in the future will have an impact on the Group's combined financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments. Management does not plan to early adopt IFRIC 22.

2.5 Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustment depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the IFRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in IFRS 2 *Classification and measurement of share based transactions* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured with accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subjected to a maximum of one year from acquisition date.

2.6 Financial Instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

Financial assets

Financial assets are classified as either financial assets “at fair value through profit or loss” or “loans and receivables”.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other operating income’ or ‘other operating expenses’ lines in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Loans and receivables

Trade and other receivables (including trade and other receivables, loans to joint ventures, amounts due from related parties and cash and cash equivalents) that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities “at fair value through profit or loss” or “other financial liabilities”.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- On initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other operating income’ or ‘other operating expenses’ lines in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Other financial liabilities

Trade and other payables (including amounts due to related parties and loans from related parties) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when the effect of discounting is immaterial.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of borrowings in accordance with the Group’s accounting policy for borrowing costs (see Note 2.17).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

The Group enters into freight forward agreements and bunker swaps to manage its exposure to freight rate and bunker prices respectively. Further details of derivative financial instruments are disclosed in Note 11.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates the derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instruments is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates hedges of freight rate risk and bunker prices as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 11 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statements of other comprehensive income ("OCI").

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in OCI. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other operating expense or other operating income.

Amounts recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

2.7 Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.8 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories which include bunkers on board ships and other consumable stores are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined on a first-in first-out basis. Spares on board ships are charged against income when issued to the ships.

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.

Assets that are held for rental are initially classified as ships, property, plant and equipment. When these assets cease to be rented and a decision is made to sell these assets, the carrying amount is transferred to inventories. Upon sale of these assets, the sales value is recorded in gross revenue and the related carrying value of these assets (held as inventories) is recorded in cost of sales.

2.9 Ships, Property, Plant and Equipment

Ships, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets other than property and ships under construction over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment and furniture and fittings	– 3 years
Plant and equipment	– 3 to 5 years
Motor vehicles	– 5 years
Ships	– 15 years
Dry-docking	– 2.5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Ships and properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same bases as other assets, commences when the assets are available for use.

Ships are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises acquisition cost and costs directly related to the acquisition up until the time when the asset is ready for use, including interest expense incurred during the period. The market average useful life of a ship is estimated to range from 25 to 30 years at which point it would usually be scrapped. The Group policy is to maintain a young fleet compared to the market average and estimates useful life as 15 years from date of delivery for new ships. Ships are depreciated on a straight-line basis to an estimated residual value over their useful life.

From time to time, the Group's ships are required to be dry-docked for inspection and re-licensing at which time major repairs and maintenance that cannot be performed while the ships are in operation are generally performed. The Group capitalises the costs associated with dry-docking as they occur and amortises these costs on a straight-line basis over 2.5 years, which is generally the period until the next scheduled dry-docking. A portion of the cost of acquiring a new ship is estimated and allocated to the components expected to be replaced or refurbished at the next scheduled dry-docking. If the ship is disposed before the next dry-docking, the carrying amount of dry-docking expenses is included in determining the gain or loss on disposal of the ship and taken to the profit or loss. If the period to the next dry-docking is shorter than expected, the unamortised balance of the deferred dry-docking cost is charged immediately as an expense before the next dry-docking.

Fully depreciated ships, property, plant and equipment still in use are retained in the financial statements.

Assets that are held for rental are initially classified as ships, property, plant and equipment. When these assets cease to be rented and a decision is made to sell these assets, the carrying amount is transferred to inventories. Upon sale of these assets, the sales value is recorded in gross revenue and the related carrying value of these assets (held as inventories) is recorded in cost of sales.

2.10 Intangible Assets

Intangible assets are stated at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset, such events are tested for impairment in accordance with the policy below.

2.11 Impairment of Tangible and Intangible Assets Excluding Goodwill

At the end of each reporting period, 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 it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 risk 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is indication that the asset may be impaired.

2.12 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.13 Leases

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.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.14 Interests in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these combined financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in a joint venture is initially recognised in the combined statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in OCI in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in OCI by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when the investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss, the proportion of the gain or loss that had previously been recognised in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's combined financial statements only to the extent of interests in the joint venture that are not related to the Group.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.16 Revenue Recognition

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Included in revenue are freight, charter hire, sale of ships, bunker and consumables related to the ship sales and management fee income.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Charter hire is recognised on a daily accrual basis. Freight revenue is recognised on completion of the voyage and for uncompleted voyages at year-end on the percentage of completion basis. Results of uncompleted voyages are included based on the estimated voyage result and the voyage time elapsed. Anticipated losses for contracts arising on uncompleted voyages are provided in full.

Sales of ships, bunkers and consumables are recognised when all the following conditions are satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Management fee income is recognised on accrual basis over the period of services rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

2.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 Share-Based Payments

Equity-settled share options – Certain employees have been granted equity-settled share options operated by the ultimate holding company. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on the straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model. The financial effects of the share options granted to the employees of the Group are accordingly recharged to the group entities by the ultimate holding company.

Cash-settled share-based payments – Share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is remeasured annually until settled and any changes in value are recognised in profit or loss. Fair value is measured using a binomial pricing model.

2.19 Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and South African defined contribution provident funds, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Administrative expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the combined statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.20 Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.21 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.22 Foreign Currency Transactions and Translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency which is either United States dollars or South African rand). The combined financial statements of the Group are presented in United States Dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in OCI. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in OCI.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting combined financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in OCI.

2.23 Cash and Cash Equivalents in the Statement of Cash Flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.24 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in terms of IFRS 4 Insurance Contracts and are measured initially at cost and thereafter, in accordance with IAS 37 Provisions, contingent liabilities and contingent assets.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Classification of certain investments as a joint venture

Note 15 describes that Tri-view Shipping Pte Ltd, IM Shipping Pte Ltd, Island Bulk Carriers Pte Ltd and IVS Bulk Pte Ltd as joint ventures of the Group even though the Group has 51%, 51%, 65% and 33.5% of ownership interest and voting rights in these entities respectively. Management has assessed that the interests in these entities would be considered as joint ventures given that the contractual agreement between the parties in undertaking the economic activities of these entities would be subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of all the parties sharing control.

(ii) **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next Financial Year are disclosed below.

Provision for onerous contracts

Full provision is made for the present obligations of the unavoidable future losses of fulfilling the terms of onerous ship charter contracts or contracts of affreightment to which the Group is committed.

Management has estimated the provision for onerous contracts based on the present value of the future charter payments that the Group is expected to make under non-cancellable onerous operating charter agreements and contract of affreightment, less charter revenue expected to be earned on the charter. The estimate is very sensitive to changes in the freight rates. Note 20 provide more details on this provision.

Recoverability of amounts due from related parties and loans to joint ventures

The recoverability of the amounts due from related parties and loan to joint ventures is based on the ongoing evaluation of recoverability and analysis of the outstanding receivables and on management's estimate of the ultimate realisation of these receivables, including creditworthiness, past collection history and the estimated net asset value of the related parties and joint ventures which approximates their fair value less cost to sell. Based on the assessment, the carrying amounts for the amounts due from related parties and loans to joint ventures will be recovered in full. Adjustment will be made in future periods in the event that there is objective evidence of impairment resulting from future loss event.

The carrying amounts of the amounts due from related parties and loan to joint ventures are disclosed in Notes 9 and 10.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit (based on past performance and management's expectations of the market developments) and a suitable discount rate in order to calculate present value.

The future cash flows are determined based on the combination of the following assumptions:

- Forecast earnings based on existing contracts and management's estimates of the average earnings over the recent observable industry cycle
- Growth rates of 5.5% (2016: 5.8% 2015: 5.8%)
- Pre-tax discount rate of 15% (2016: 12% 2015: 12%) is used to discount future cash flows to their present values
- Expenses are based on management's best estimates.

The carrying amount of the goodwill are disclosed in Note 17 and intangible assets in Note 16.

During the year a net impairment of US\$12,118,000 (2016: US\$nil; 2015: US\$nil) was recorded.

Impairment of interest in joint ventures

The recoverable amount of the investments has been determined based on the estimated net asset value of the joint ventures which approximates their fair value less cost to sell.

The carrying amounts of interest in joint ventures are disclosed in Notes 15.

Percentage of completion of voyages recognised as revenue

The stage of completion of a voyage is determined by calculating the total number of actual days from the loading of the cargo at the commencement of a voyage to the period end, divided by the total estimated number of days from loading to discharging the cargo.

The duration of a voyage depends on the size of the ship being loaded, cargo type and quantity, ship speed as well as delays occasioned by weather or due congestion at load or discharge ports.

Ship life, residual value and impairment

In the shipping industry, the use of the 25 to 30 year ship life has become the prevailing standard for the type of ship owned by the Group. However, management depreciates the ships on a straight-line basis after deduction for residual values over the ship's estimated useful life of 15 years, from the date the ship was originally delivered from the shipyard as the Group maintains a young fleet compared to the market average and generally aims to replace ships that are 15 years or older. As a result, ships are depreciated over 15 years to the expected residual market value of a ship of a similar age and specification. Management reassesses the depreciation period of ships that surpass this limit with special consideration of the ships and the purpose for which the ship was retained in the fleet.

Residual values of the ships are reassessed by management at the end of each reporting period based on the current shipping markets, the movement of the markets over the previous five years and the age, specification and condition of the respective ships.

Considerations for useful life of the ships also include maintenance and repair cost, technical or commercial obsolescence and legal or similar limits to the use of ships.

Management also reviews the ships for impairment whenever there is an indication that the carrying amount of the ships may not be recoverable. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less cost to sell and value in use. If the ship is considered to be impaired, an impairment loss is recognised to an amount to the excess of the carrying value of the asset over its recoverable amount.

Value in use is the future cash flows that the ships is expected to generate from charter hire of the ships and the expected running costs thereof over its remaining useful life, with a cash inflow in the final year equal to the residual value of the ships. Management determined the value-in-use based on past performance of the ships and their expectations of the market development. The future cash flows are determined based on the combination of the following assumptions:

1. Forecast charter rates are based on a combination of existing charter contracts, published time charter rates and a growth rate of 15% to 22% (2016: 8% to 35%) for the drybulk carrier business (years 1-3), 0% to 1% (2016: negative growth of 5-9%) for the drybulk carrier business for the 4th year; negative growth of 14% to positive growth of 23% (2016: 6-9%) for the tanker carrier business (years 1-3) reducing to 0% (2016: 3%) in the 4th year and 0% for both drybulk and tanker carrier businesses for the years 5 onwards;
2. Pre-tax discount rates of 7.55% (2016: 7.55% 2015: 7.55%) rate is used to discount future cashflows from deployment of the ships to their net present value; and
3. Vessel operating costs and drydock costs are based on management's best estimates.

As at 31 December 2017, a possible change to the following estimate used in management's assessment will result in the recoverable amount to be below the carrying amount of the ship (on the basis that each of the other key assumptions remain unchanged):

Bulk Carriers

- 16.54% to 37.45% decrease to the charter rate; or
- 10.59% to 37.38% increase to the discount rate.

Chemical Tankers

- 1.67% to 55.56% decrease to the charter rate; or
- 2.32% to 20.53% increase to the discount rate.

Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the estimated recoverable amount of the ships (excluding ships classified as inventories held for sale) are appropriate. Accordingly, no further allowance impairment loss is required except for the impairment loss of US\$16,503,000 (2016: US\$12,625,000; 2015: US\$67,800,000) recognised during the year recorded in "other operating expenses" (Note 32).

Ships classified as inventories

The Group regularly engaged in trading of ships. When a ship ceased to be rented and a decision is made for the ship to be sold, the ship would be classified as inventories. The proceeds from the sale of such assets shall be recognised as revenue in accordance with IFRS 18 *Revenue*. The corresponding cost shall be accounted for as cost of sales.

The recoverable amounts of ships classified as inventories were determined based on fair value less cost of disposal, which were determined based on the market comparable approach that reflects recent transaction prices for similar ships, with similar age and specifications. In valuing the ships, the appraisers have taken into consideration the prevailing market conditions and have made adjustments for differences where necessary before arriving at the most appropriate value for the ships.

As at 31 December 2017, 2016 and 2015, no ships classified as inventories.

Tax liabilities

The Group acquired a wholly-owned subsidiary, Unicorn Tankers International Ltd (“UTI”), in 2013. UTI and its subsidiary are tax residents in United Kingdom (“UK”). In recent years, the UK tax authorities have revised their interpretations of certain areas of tonnage tax legislation. If certain legislation is interpreted in an alternative manner, additional taxation of up to US\$5,657,000 (2016: US\$5,657,000 2015: US\$5,657,000) could arise. A tax provision of US\$2,400,000 (2016:2,400,000 2015: US\$2,400,000) has been provided.

In 2013, queries were raised by the UK tax authorities on a subsidiary of UTI. At the date of authorisation of these financial statements, the UK tax authorities have issued a closure notice and management have raised an appeal against their decision. Management and Legal Counsel are of the opinion that UTI and its subsidiary had complied with the tax legislation and does not expect any additional taxation will arise out of the queries raised by the UK tax authorities.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future to be utilised against. Three-year business plans are prepared annually and approved by the Board of Directors of the Group. These plans include estimates and assumptions relating to economic growth, interest rates, inflation and other market-related competitive factors. The profit forecast and cash flows provided by these plans are utilised in the assessment of the recoverability of the deferred tax assets which management would need to exercise judgement in assessing likelihood of the plans been achieved and hence recoverability of the deferred tax assets.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(i) *Categories of financial instruments*

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Financial assets			
Derivative instruments in designated hedge accounting relationships	123	225	300
Loans and receivables (including cash and cash equivalents)	128,082	153,675	145,612
	<u>128,205</u>	<u>153,900</u>	<u>145,912</u>
Financial liabilities			
Derivative instruments in designated hedge accounting relationships	138	450	2,964
Amortised cost	154,324	184,298	134,815
	<u>154,462</u>	<u>184,748</u>	<u>137,779</u>

(ii) *Financial risk management policies and objectives*

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign currency risk, interest rate risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purpose.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Credit risk management

The Group's primary exposure to credit risk arises through its trade and other receivables. Significant credit risk is mitigated through entering into transactions with credit worthy counterparties and monitoring of the recoverability of the debts on an on-going basis.

Other sources of exposure to credit risk include cash and derivative financial instruments. Cash is placed with reputable banks and derivatives are only entered into with credit worthy counterparties.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at the end of the Financial Year in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the combined statement of financial position.

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security.

At the end of the reporting period, other than amounts due from related parties and loans to joint ventures, there were no significant concentrations of credit risk in the event of changes in economic, industry or geographical factors.

Further details to credit risks on trade and other receivables, due from related parties and loans to joint ventures are disclosed in Notes 7, 8, 9 and 10 respectively.

(b) Interest rate risk management

The Group is exposed to interest rate risk through the impact of bank loans and loans granted from/to related parties at variable interest rates. 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.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the Financial Year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- loss for the year ended 31 December 2017 would increase/decrease by US\$470,000 (2016: US\$634,000; 2015: US\$397,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank loans and loans from/to related parties; and
- other equity reserves would decrease/increase by US\$Nil (2016: US\$Nil; 2015: US\$5,000) mainly as a result of the changes in the fair value of derivative financial instruments.

(c) Foreign currency exchange risk management

The Group's main operational activities are carried out in United States dollars and South African rand. The United States dollar is the functional currency of Grindrod Shipping Pte.Ltd and the South African rand is the functional currency of Grindrod Shipping (South Africa) Pty Ltd. The risk arising from movements in foreign exchange rates is limited as the Group has minimal transactions in foreign currencies which mainly relates to administrative expenses in Singapore dollars, loans to joint ventures in Japanese yen and amounts due to related companies in South African rand and Great Britain pounds as well as bank balances in South African rand.

The Group has access to a foreign exchange facility which enables it to enter into forward foreign exchange contracts. Management reviews and monitors currency risk exposure and determines whether any hedging is considered necessary.

The objective of the foreign exchange exposure management policy is to ensure that all foreign exchange exposures are identified as early as possible and that the identified exposures are actively managed to reduce risk. All exposures are to reflect the underlying foreign currency commitments arising from trade and/or foreign currency finance. Under no circumstances are speculative positions, not supported by normal trade flows, permitted.

At the end of the reporting period, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities			Assets		
	2017	2016	2015	2017	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollars	(2)	(3)	(2)	201	91	71
United States of America dollars	(186)	(172)	(1)	2,093	2,000	1,527
Great Britain pounds	-	(176)	(1)	32	19	14
South African rand	(19,268)	(8,177)	-	97	-	1,356
Norwegian Krone	(4)	(5)	(2)	-	-	-
Japanese yen	(11)	(5)	-	11,132	10,739	10,499
Euro	(114)	(96)	-	-	-	-

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of the entity, profit or loss will increase/(decrease) by:

	Impact on profit or loss		
	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Singapore dollars	20	9	7
Great Britain pounds	3	(14)	1
South African rand	1,917	(818)	136
Japanese yen	1,114	1,075	1,050
Euro	11	-	-

If the relevant foreign currency weakens by 10% against the functional currency of the entity, profit or loss will increase/(decrease) by:

	Impact on profit or loss		
	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Singapore dollars	(20)	(9)	(7)
Great Britain pounds	(3)	14	(1)
South African rand	(1,917)	(818)	(136)
Japanese yen	(1,114)	(1,075)	(1,050)
Euro	(11)	-	-

(d) Liquidity risk management

Liquidity risk refers to the risk that the Group is unable to pay its creditors due to insufficient funds. The Group maintains and monitors a level of cash deemed adequate by management at all times to finance its obligations as and when they fall due.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The management may from time to time at their discretion raise or borrow monies for the purposes of the Group as they deem fit.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a.	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>Group</u>						
<u>2017</u>						
Non-interest bearing	-	35,880	9,689	-	-	45,569
Variable interest rate instruments	3.83	90,128	23,035	-	(4,409)	108,754
		<u>126,008</u>	<u>32,724</u>	<u>-</u>	<u>(4,409)</u>	<u>154,323</u>
<u>2016</u>						
Non-interest bearing	-	28,585	9,620	1,585	-	39,790
Fixed interest rate instruments	10.50	4,248	-	-	-	4,248
Variable interest rate instruments	3.21	72,251	74,772	-	(6,763)	140,260
		<u>105,084</u>	<u>84,392</u>	<u>1,585</u>	<u>(6,763)</u>	<u>184,298</u>
<u>2015</u>						
Non-interest bearing	-	32,106	10,771	-	-	42,877
Variable interest rate instruments	2.69	94,135	-	-	(2,197)	91,938
		<u>126,241</u>	<u>10,771</u>	<u>-</u>	<u>(2,197)</u>	<u>134,815</u>

The maximum amount that the Group could be forced to settle under the financial guarantee if the full guaranteed amount is claimed by the counterparty to the guarantee is disclosed in Note 36. The Group considers that it is more than likely that no amount will be payable under the arrangement.

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of reporting period.

	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Group</u>				
<u>2017</u>				
Gross settled:				
Forward freight agreements	(121)	-	-	(121)
Bunker swaps	106	-	-	106
	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
<u>2016</u>				
Gross settled:				
Forward freight agreements	(450)	-	-	(450)
Bunker swaps	225	-	-	225
	<u>(225)</u>	<u>-</u>	<u>-</u>	<u>(225)</u>
<u>2015</u>				
Gross settled:				
Forward freight agreements	300	-	-	300
Bunker swaps	(2,964)	-	-	(2,964)
	<u>(2,664)</u>	<u>-</u>	<u>-</u>	<u>(2,664)</u>

(e) Shipping market price risk management

The Group is exposed to the fluctuations in market conditions in the shipping industry which in turn affects the Group's profitability. Management continually assess shipping markets using their experience and detailed research. Risks are managed by fixing tonnage on longer term time charters, contracts of affreightment and entering into forward freight agreements. The carrying amount of the derivative financial instruments is disclosed in Note 11.

Shipping market price sensitivity

The sensitivity analyses below have been determined based on the exposure to shipping market price risk at the end of the reporting period.

In respect of derivative financial instruments, if the shipping market prices had been 10% higher/lower while other variables were held constant:

- loss for the year ended 31 December 2017 would decrease/increase by US\$Nil (2016: US\$Nil 2015: US\$Nil); and
- hedging reserve would decrease/increase by US\$316,000 (2016: US\$70,000 2015: US\$282,000).

(f) Commodity price risk management

The Group uses bunker swaps to manage exposure to commodity price risk where the positions are not naturally economically hedged through the combination of holding inventory, forward sales contracts and forward purchase contracts. Management continually assess commodity price through their experience and detailed research. The carrying amount of the derivative financial instruments is disclosed in Note 11.

Commodity price sensitivity

The sensitivity analyses below have been determined based on the exposure to commodity price risk at the end of the reporting period.

In respect of derivative financial instruments, if the commodity prices had been 10% higher/lower while other variables were held constant:

- loss for the year ended 31 December 2017 would decrease/increase by US\$Nil (2016: US\$Nil; 2015: US\$13,000).
- hedging reserve would decrease/increase by US\$128,000 (2016: US\$280,000 2015: US\$120,000).

(g) Fair value measurement of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Financial instruments measured at fair value on a recurring basis

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Financial Assets			
Forward freight agreements	17	-	300
Bunker swaps	106	221	-
Financial Liabilities			
Forward freight agreements	138	450	-
Bunker swaps	-	-	2,964

All the financial instruments relate to the forward freight agreements and bunker swap agreements and have been classified as Level 2 financial instruments, which indicates that the fair value of the instruments were determined based on discounted cash flow with reference to observable inputs for equivalent instruments, discounted at a rate that reflects the credit risk of various counterparties. Further details are disclosed in Note 11.

Fair Value of Financial Instruments

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Level 2 and 3 fair values were determined by applying either a combination of, or one of the following valuation techniques:

- market related interest rate yield curves to discount expected future cash flows; and/or
- projected unit method; and/or
- market value, and/or
- the net asset value of the underlying investments; and/or
- a price earnings multiple or a discounted projected income/present value approach

The fair value measurement for income approach valuation is based on significant inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management reassess the earnings or yield multiples at least annually based on their assessment of the macro- and micro-economic environment.

	Level 1	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000
2017				
Financial assets				
Financial assets designated at fair value through profit or loss	-	123	-	123
Financial liabilities				
Derivative financial instruments	-	138	-	138

	Level 1	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000
2016				
Financial assets				
Financial assets designated at fair value through profit or loss	–	225	–	225
Financial liabilities				
Derivative financial instruments	–	450	–	450
2015				
Financial assets				
Financial assets designated at fair value through profit or loss	–	300	–	300
Financial liabilities				
Derivative financial instruments	–	2,964	–	2,964

(iii) Capital management policies and objectives

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt to equity balance. The capital structure of the Group consists of debt and equity, which comprises of share capital and reserves.

The Group also reviews the capital structure on a semi-annual basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. The management also ensures that the Group maintains gearing ratios within a set range to comply with the loan covenant imposed by a bank. Disclosure of the breach of loan covenant has been disclosed in Note 18.

The Group's overall strategy remains unchanged from prior year.

5. HOLDING COMPANY AND RELATED PARTIES TRANSACTIONS

The Group is currently wholly-owned by Grindrod Limited, incorporated in South Africa and listed on the Johannesburg Stock Exchange, which is also the ultimate holding company.

Many of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, Group entities entered into the following transactions with related parties:

(i) Grindrod Limited companies

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Freight revenue from related parties	20	157	(362)
Fuel and port expenses to related parties	(55,839)	(46,477)	(64,311)
Guarantee fees from related parties	325	486	694
Bunker swaps from related companies	182	–	–
Guarantee fees to related parties	(451)	(514)	(805)
Interest expense on loans from related parties	629	(312)	–
Interest income on amounts due from related parties	–	78	–
Management fees to related parties	(3,336)	(2,834)	(3,052)
Management Fees from related companies	5,494	308	338
Overhead recovery to related party (included in administrative expenses)	131	(967)	(312)
Sale of fuel to related parties	–	–	20
Dividend income from subsidiaries	–	2,876	883
Dividend paid to related parties	–	–	(866)
Other expenses to related parties	(20)	(375)	(101)

(ii) **Joint ventures**

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Interest income	4,346	2,728	153
Technical management fee income	1,625	1,427	810
Agency fees to subsidiaries	618	–	–
Charter hire and other related revenue	4,376	3,624	3,840
Charter hire and other related expenses	(50,741)	(33,643)	(21,967)
Receipts on behalf of a joint venture	–	–	1,387
Payments on behalf of a joint venture	(585)	(2)	(550)
Management fee income	350	350	405

Refer to Note 38 for information on the guarantees provided by the Group for loans within joint venture structures.

(iii) **Compensation of key management personnel**

The remuneration of Directors, who are also the members of key management during the year is presented below.

2017	Currency	Salary	Bonus	Other	Total
		'000	'000	'000	'000
<u>South African</u>					
AK Oliver *	ZAR	5,108	9,795	–	14,903
B Ntuli	ZAR	4,494	7,011	–	11,505
MD Simjee	ZAR	2,745	2,766	–	5,511
SW Griffiths	ZAR	2,522	1,407	5	3,934
B Ressel	ZAR	2,348	591	4	2,943
J Miles	ZAR	1,059	1,407	4	2,470
		18,276	22,977	13	41,266
	USD	1,368	1,720	1	3,089
<u>Singapore</u>					
MR Wade	SGD	768	1,075	132	1,975
HW Scheffer	SGD	544	54	66	664
CD Ackerley	SGD	410	81	243	734
M Koen	SGD	163	62	–	225
		1,885	1,272	441	3,598
	USD	1,359	917	318	2,594
Total emoluments	USD	2,727	2,637	319	5,683

* Retired on 31 July 2017

2016	Currency	Salary	Bonus	Other	Total
		'000	'000	'000	'000
<u>South African</u>					
AK Oliver *	ZAR	8,284	1,087	34	9,405
B Ntuli	ZAR	4,181	720	–	4,901
MD Simjee	ZAR	2,585	2,349	40	4,974
SW Griffiths	ZAR	2,398	290	–	2,688
B Ressel	ZAR	2,233	1,442	–	3,675
		19,681	5,888	74	25,643
	USD	1,336	400	5	1,741
<u>Singapore</u>					
MR Wade	SGD	767	100	132	999
HW Scheffer	SGD	542	–	74	616
CD Ackerley	SGD	507	50	273	830
		1,816	150	479	2,445
	USD	1,314	109	347	1,770
Total emoluments	USD	2,650	509	352	3,511

* Retired on 31 July 2017

2015	Currency	Salary	Bonus	Other	Total
		'000	'000	'000	'000
South African					
AK Oliver *	ZAR	7,719	1,736	9	9,464
B Ntuli	ZAR	3,898	880	6	4,784
MD Simjee	ZAR	2,250	1,107	–	3,357
SW Griffiths	ZAR	2,187	–	–	2,187
B Ressel	ZAR	2,109	1,106	–	3,215
		18,163	4,829	15	23,007
	USD	1,421	378	1	1,800
Singapore					
MR Wade	SGD	756	–	131	887
HW Scheffer	SGD	537	152	80	769
CD Ackerley	SGD	505	–	279	784
		1,798	152	490	2,440
	USD	1,303	110	355	1,768
Total emoluments	USD	2,724	488	356	3,568

* Retired on 31 July 2017

Incentive schemes

Long-term incentives

The primary performance incentive, the share-price-linked option schemes, aim to reward and retain executives and key managers.

Vesting of awards in the Grindrod Limited share-price-linked option scheme is subject to:

- the participant's achievement of performance criteria;
- appreciation of the Grindrod Limited share price, measured against increased shareholder value over the vesting period; and
- the total award at a divisional level in any period being limited to between 10 per cent of attributable profits.

As a result of the cyclical nature of shipping and commodity markets shareholders approved a pure retention incentive, the Grindrod Limited forfeitable share plan, used in periods of market distress when share price appreciation is unlikely. The incentive, which is capped at 6 million shares, is designed to be a small but critical part of the long-term incentives and is utilised in limited circumstances to retain key management.

Grindrod Limited share-price-linked option scheme

The share-price-linked option scheme was introduced in 2007 as a retention incentive for executives and key managers. During the annual staff-appraisal period, key strategic managers are nominated for participation in the scheme based on their performance and contribution to the success of the business plan in that year.

The options, which are linked to the Grindrod ordinary share price, are settled in cash and therefore not classified as equity-settled in terms of the JSE Listings Requirements. Vesting is effected in three one-third tranches on the third, fourth and fifth anniversaries of the grant date and do not have an expiry date beyond the vesting date. The cash settlement, paid net of tax, is based on the difference between the grant and settlement prices, being the weighted average of the closing price for the seven trading days preceding the vesting date.

Vesting settlements may not exceed 10 per cent of the net after-tax profit. No settlement is paid if the share price does not rise between grant and vesting dates, if an employee resigns, is dismissed, has interrupted service or has rendered unsatisfactory performance as determined by the remuneration committee or group chief executive officer.

Share option gains and cash-settled share-price-linked option payments for 2017, 2016 and 2015 are detailed below:

Share-price-linked option payment:

	2017	2016	2015
	ZAR'000	ZAR'000	ZAR'000
AK Olivier *	4,259	–	2,043
MR Wade	–	–	852
S Griffiths	–	–	307
C Ackerley	–	–	262
HW Scheffer	–	–	258
B Ntuli	–	–	278
MD Simjee	–	–	386
J Miles	–	NA	NA
M Koen	–	NA	NA
Total	4,259	–	4,386

* Following the retirement of AK Olivier a bonus payment was made in terms of the scheme rules.

Director	Options at 01-Jan-15	Options granted during the year	Options cancelled during the year	Vesting price ZAR	Options at 31-Dec-15	Option price ZAR	Vesting dates	
AK Olivier	2 115 800	763 000	229 400	18.97		13.95	Feb-15	
			227 700	18.97		16.33	Feb-15	
					227 700		16.33	Feb-16
			68 300	18.97		14.72	Feb-15	
					68 300		14.72	Feb-16
					68 400		14.72	Feb-17
					345 700		16.68	Feb-16
					345 700		16.68	Feb-17
					345 600		16.68	Feb-18
					63 000		26.97	Feb-17
					63 000		26.97	Feb-18
					63 000		26.97	Feb-19
					254 300		18.97	Feb-18
					254 300		18.97	Feb-19
		254 400		18.97	Feb-20			
MR Wade	423 400	323 000	132 700	18.97		13.95	Feb-15	
			70 400	18.97		16.33	Feb-15	
					70 300		16.33	Feb-16
					50 000		16.68	Feb-16
					50 000		16.68	Feb-17
					50 000		16.68	Feb-18
					107 667		18.97	Feb-18
					107 667		18.97	Feb-19
		107 666		18.97	Feb-20			
S Griffiths	333 667	84 000	16 333	18.97		13.95	Feb-15	
			23 667	18.97		16.33	Feb-15	
					23 667		16.33	Feb-16
			38 333	18.97		14.72	Feb-15	
					38 333		14.72	Feb-16
					38 333		14.72	Feb-17
					32 000		16.68	Feb-16
					32 000		16.68	Feb-17
					32 000		16.68	Feb-18
					19 667		26.97	Feb-17
					19 667		26.97	Feb-18
					19 666		26.97	Feb-19
					28 000		18.97	Feb-18
		28 000		18.97	Feb-19			
		28 000		18.97	Feb-20			

Director	Options at 01-Jan-15	Options granted during the year	Options cancelled during the year	Vesting price ZAR	Options at 31-Dec-15	Option price ZAR	Vesting dates		
C Ackerley	313 333		-	18,97		13,95	Feb-15		
			32 667	18,97		16,33	Feb-15		
					32 667		16,33	Feb-16	
			41 333	18,97		14,72	Feb-15		
					41 333		14,72	Feb-16	
					41 333		14,72	Feb-17	
					41 333		16,68	Feb-16	
					41 333		16,68	Feb-17	
					41 333		16,68	Feb-18	
							26,97	Feb-17	
							26,97	Feb-18	
					82 000		27 334	18,97	Feb-18
							27 333	18,97	Feb-19
				27 333	18,97	Feb-20			
B Ntuli	456 300		30 300	18,97		13,95	Feb-15		
			25 000	18,97		16,33	Feb-15		
					25 000		16,33	Feb-16	
			14 000	18,97		14,72	Feb-15		
					14 000		14,72	Feb-16	
					14 000		14,72	Feb-17	
					111 300		16,68	Feb-16	
					111 300		16,68	Feb-17	
					111 400		16,68	Feb-18	
					248 000		82 667	18,97	Feb-18
				82 667	18,97	Feb-19			
				82 666	18,97	Feb-20			
MD Simjee	261 000		44 333	18,97		13,95	Feb-15		
			333	18,97		16,33	Feb-15		
					333		16,33	Feb-16	
			38 333	18,97		14,72	Feb-15		
					38 333		14,72	Feb-16	
					38 333		14,72	Feb-17	
					20 667		16,68	Feb-16	
					20 667		16,68	Feb-17	
					20 667		16,68	Feb-18	
							13 000	26,97	Feb-17
							13 000	26,97	Feb-18
							13 000	26,97	Feb-19
					162 000		54 000	18,97	Feb-18
				54 000	18,97	Feb-19			
				54 000	18,97	Feb-20			
HW Scheffer	89 667		37 667	18,97		13,95	Feb-15		
			26 000	18,97		16,33	Feb-15		
					26 000		16,33	Feb-16	

Director	Options at 01-Jan-16	Options granted during the year	Options cancelled during the year	Vesting price ZAR	Options at 31-Dec-16	Option price ZAR	Vesting dates		
AK Olivier	2 353 400	1 401 000	227 700	9.22		13.95	Feb-16		
			68 300	9.22		14.72	Feb-16		
					68 400		14.72	Feb-17	
					345 700	9.22		16.68	Feb-16
							345 700	16.68	Feb-17
							345 600	16.68	Feb-18
							63 000	26.97	Feb-17
							63 000	26.97	Feb-18
							63 000	26.97	Feb-19
							254 300	18.97	Feb-18
							254 300	18.97	Feb-19
							254 400	18.97	Feb-20
							467 000	9.22	Feb-19
							467 000	9.22	Feb-20
				467 000	9.22	Feb-21			
S Griffiths	339 333	128 000	23 667	9.22		13.95	Feb-16		
			38 333	9.22		14.72	Feb-16		
					38 333		14.72	Feb-17	
					32 000	9.22		16.68	Feb-16
							32 000	16.68	Feb-17
							32 000	16.68	Feb-18
							19 667	26.97	Feb-17
							19 667	26.97	Feb-18
							19 666	26.97	Feb-19
							28 000	18.97	Feb-18
							28 000	18.97	Feb-19
							28 000	18.97	Feb-20
							42 667	9.22	Feb-19
							42 667	9.22	Feb-20
				42 666	9.22	Feb-21			
C Ackerley	321 333	130 000	32 667	9.22		13.95	Feb-16		
			41 333	9.22		14.72	Feb-16		
					41 333		14.72	Feb-17	
					41 333	9.22		16.68	Feb-16
							41 333	16.68	Feb-17
							41 333	16.68	Feb-18
								26.97	Feb-17
								26.97	Feb-18
								26.97	Feb-19
							27 334	18.97	Feb-18
							27 333	18.97	Feb-19
							27 333	18.97	Feb-20
							43 334	9.22	Feb-19
							43 333	9.22	Feb-20
				43 333	9.22	Feb-21			
MR Wade	543 300	432 000	70 300	9.22		16.33	Feb-16		
			50 000	9.22		16.68	Feb-16		
					50 000		16.68	Feb-17	
					50 000		16.68	Feb-18	
					107 667		18.97	Feb-18	
					107 667		18.97	Feb-19	
					107 666		18.97	Feb-20	
					144 000		9.22	Feb-19	
					144 000		9.22	Feb-20	
					144 000		9.22	Feb-21	

Director	Options at 01-Jan-16	Options granted during the year	Options cancelled during the year	Vesting price ZAR	Options at 31-Dec-16	Option price ZAR	Vesting dates		
B Ntuli	635 000	326 000	25 000	9.22		16.33	Feb-15		
			14 000	9.22		14.72	Feb-16		
							14 000	14.72	Feb-17
			111 300	9.22		16.68	Feb-16		
							111 300	16.68	Feb-17
							111 400	16.68	Feb-18
							82 667	18.97	Feb-18
							82 667	18.97	Feb-19
							82 666	18.97	Feb-20
							108 667	9.22	Feb-19
							108 667	9.22	Feb-20
							108 666	9.22	Feb-21
			MD Simjee	340 000	100 000	333	9.22		16.33
38 333	9.22					14.72	Feb-16		
							38 333	14.72	Feb-17
20 667	9.22					16.68	Feb-16		
							20 667	16.68	Feb-17
							20 667	16.68	Feb-18
							13 000	26.97	Feb-17
							13 000	26.97	Feb-18
							13 000	26.97	Feb-19
							54 000	18.97	Feb-18
							54 000	18.97	Feb-19
							54 000	18.97	Feb-20
							33 333	9.22	Feb-19
				33 333	9.22	Feb-20			
				33 334	9.22	Feb-21			
HW Scheffer	26 000		26 000	9.22		16.33	Feb-16		

Director	Options at 01-Jan-17	Options granted during the year	Options cancelled during the year	Vesting price ZAR	Options at 31-Dec-17	Option price ZAR	Vesting dates
AK Olivier	3 112 700	1 517 000	68 400	13.84		14.72	Feb-17
			345 700	13.84		16.68	Feb-17
			345 600	12.26		16.68	Feb-18
			63 000	13.84		26.97	Feb-17
			63 000	12.26		26.97	Feb-18
			63 000	12.26		26.97	Feb-19
			254 300	12.26		18.97	Feb-18
			254 300	12.26		18.97	Feb-19
			254 400	12.26		18.97	Feb-20
			467 000	12.26		9.22	Feb-19
			467 000	12.26		9.22	Feb-20
			467 000	12.26		9.22	Feb-21
			505 666	12.26		13.84	Feb-20
			505 667	12.26		13.84	Feb-21
			505 667	12.26		13.84	Feb-22
S Griffiths	373 333	144 000	38 333	13.84		14.72	Feb-17
			32 000	13.84		16.68	Feb-17
					32 000	16.68	Feb-18
				13.84		26.97	Feb-17
					19 667	26.97	Feb-18
					19 666	26.97	Feb-19
					28 000	18.97	Feb-18
					28 000	18.97	Feb-19
					28 000	18.97	Feb-20
					42 667	9.22	Feb-19
					42 667	9.22	Feb-20
					42 666	9.22	Feb-21
					48 000	13.84	Feb-19
					48 000	13.84	Feb-20
					48 000	13.84	Feb-21
C Ackerley	336 000	142 000	41 333	13.84		14.72	Feb-17
			41 333	13.84		16.68	Feb-17
					41 333	16.68	Feb-18
						26.97	Feb-17
						26.97	Feb-18
						26.97	Feb-19
					27 334	18.97	Feb-18
					27 333	18.97	Feb-19
					27 333	18.97	Feb-20
					43 334	9.22	Feb-19
					43 333	9.22	Feb-20
					43 333	9.22	Feb-21
					47 333	13.84	Feb-19
					47 333	13.84	Feb-20
					47 334	13.84	Feb-21
MR Wade	855 000	440 000	50 000	13.84		16.68	Feb-17
					50 000	16.68	Feb-18
					107 667	18.97	Feb-18
					107 667	18.97	Feb-19
					107 666	18.97	Feb-20
					144 000	9.22	Feb-19
					144 000	9.22	Feb-20
					144 000	9.22	Feb-21
					146 667	13.84	Feb-20
					146 667	13.84	Feb-21
		146 666	13.84	22-Feb			

Director	Options at 01-Jan-17	Options granted during the year	Options vested during the year	Vesting price ZAR	Options at 31-Dec-17	Option price ZAR	Vesting dates		
B Ntuli	810 700	685 000	14 000	13.84		14.72	Feb-17		
			111 300	13.84		16.68	Feb-17		
							111 400	16.68	Feb-18
							82 667	18.97	Feb-18
							82 667	18.97	Feb-19
							82 666	18.97	Feb-20
							108 667	9.22	Feb-19
							108 667	9.22	Feb-20
							108 666	9.22	Feb-21
							228 333	13.84	Feb-20
							228 333	13.84	Feb-21
							228 334	13.84	Feb-22
			MD Simjee	380 667	95 000	38 333	13.84		14.72
20 667	13.84					16.68	Feb-17		
							20 667	16.68	Feb-18
13 000	13.84					26.97	Feb-17		
							13 000	26.97	Feb-18
							13 000	26.97	Feb-19
							54 000	18.97	Feb-18
							54 000	18.97	Feb-19
							54 000	18.97	Feb-20
							33 333	9.22	Feb-19
							33 333	9.22	Feb-20
							33 334	9.22	Feb-21
							31 667	13.84	Feb-20
				31 667	13.84	Feb-21			
				31 666	13.84	Feb-22			
J Miles	358 000	151 000	32 334	13.84		14.72	Feb-17		
			42 333	13.84		16.68	Feb-17		
							42 333	16.68	Feb-18
			20 333	13.84		26.97	Feb-17		
							20 333	26.97	Feb-18
							20 333	26.97	Feb-19
							27 667	18.97	Feb-18
							27 667	18.97	Feb-19
							27 666	18.97	Feb-20
							32 333	9.22	Feb-19
							32 333	9.22	Feb-20
							32 334	9.22	Feb-21
							50 333	13.84	Feb-20
				50 333	13.84	Feb-21			
				50 334	13.84	Feb-22			
M Koen	257 333	91 000	24 666	13.84		14.72	Feb-17		
			4 334	13.84		16.68	Feb-17		
							4 334	16.68	Feb-18
			20 667	13.84		26.97	Feb-17		
							20 667	26.97	Feb-18
							20 666	26.97	Feb-19
							28 333	18.97	Feb-18
							28 333	18.97	Feb-19
							28 334	18.97	Feb-20
							25 667	9.22	Feb-19
							25 667	9.22	Feb-20
							25 666	9.22	Feb-21
							30 333	13.84	Feb-20
				30 333	13.84	Feb-21			
				30 334	13.84	Feb-22			

Grindrod Limited forfeitable share plan

The forfeitable share plan was introduced and approved by shareholders in 2012 to support the recruitment and long-term retention of executives and key managers during times that the Grindrod ordinary share price is stagnant or decreasing as a result of circumstances over which the company and participants have no control. As such, vesting is not subject to profit targets, but participants must remain in their positions in the Group for an award to vest.

Shares awarded vest in three equal tranches at the end of years three, four and five after the award date. Prior to vesting, participants receive dividends paid and may vote in respect of the shares awarded, but they cannot sell or encumber their allocation until delivery date. Unvested awards are forfeited on termination of employment, by the company or the participant. In the event of retirement, retrenchment, ill-health or the company ceasing to be a member of the Grindrod Limited Group, the shares awarded shall vest on a pro-rata basis in relation to the total number of months in the vesting period of the applicable award.

In accordance with the shareholders' approval at the 2012 AGM, a maximum of 6 million ordinary shares may be awarded to executives and qualifying managers who meet strategic objectives in the business plan and the value granted at the awarded price is recognised in the income statement over the vesting period.

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

	Opening balance 1 January 2015	Number of forfeitable shares granted in 2015	Award Price ZAR	Number of forfeitable shares vested	Total forfeitable shares
AK Olivier *	850 000	250 000	17.97	(200 000)	900 000
MR Wade	450 000			(100 000)	350 000
S Griffiths					–
C Ackerley	34 000				34 000
B Ntuli	150 000	150 000	17.97		300 000
MD Simjee					
	1 484 000	400 000		(300 000)	1 584 000

	Opening balance 1 January 2016	Number of forfeitable shares granted in 2016	Award Price ZAR	Number of forfeitable shares vested	Total forfeitable shares
AK Olivier	900 000	263 000	9.61	(200 000)	963 000
MR Wade	350 000	211 200	9.61	(100 000)	461 200
S Griffiths	–				–
C Ackerley	34 000				34 000
B Ntuli	300 000	133 400	9.61		433 400
MD Simjee		184 500	9.61		184 500
	1 584 000	792 100		(300 000)	2 076 100

* Retired on 31 July 2017

	Opening balance 1 January 2017	Number of forfeitable shares granted in 2017	Award Price ZAR	Number of forfeitable shares forfeited	Number of forfeitable shares vested	Total forfeitable shares
AK Olivier *	963 000			(296 501)	(666 499)	–
MR Wade	461 200				(150 000)	311 200
S Griffiths	–	150 000	13.00		–	150 000
C Ackerley	34 000	200 000	13.00		(11 333)	222 667
B Ntuli	433 400				(50 000)	383 400
MD Simjee	184 500	130 000	13.00			314 500
J Miles		120 000	13.00			120 000
M Koen		120 000	13.00			120 000
B Ressel		120 000	13.00			120 000
	2 076 100	840 000		(296 501)	(877 832)	1 741 767

* Retired on 31 July 2017

A cash bonus of R1 871 800, approved by the remuneration committee was made in lieu of shares that would have vested during Alan Olivier's notice period.

Share option scheme

The share option scheme is closed, with only one participant remaining, being AK Olivier, who has 400 000 ordinary-share options (2016: 400 000; 2015: 400 000) at a strike price of R12.51. These options have vested and expire on 23 November 2020.

6. CASH AND BANK BALANCES

	2017	2015	2015
	US\$'000	US\$'000	US\$'000
Cash on hand	345	551	523
Cash at bank	46,176	57,817	67,607
	46,521	58,368	68,130
Cash overdraft	(4,028)	–	–
Less: Restricted cash ⁽¹⁾	(5,183)	(5,241)	(5,131)
Cash and cash equivalents in the statements of cash flows	37,310	53,127	62,999

⁽¹⁾ Included in the cash at bank of the Group is an amount of US\$5,183,000 (2016: US\$5,241,000 2015: US\$5,131,000) pledged to certain banks to secure loans and other banking facilities (Note 18) of the Group.

7. TRADE RECEIVABLES

	2017	2015	2015
	US\$'000	US\$'000	US\$'000
Trade receivables	11,118	11,519	19,333
Less: Allowance for doubtful debts	–	–	(170)
	11,118	11,519	19,163
Trade receivables due from the Pools	1,676	2,454	2,559
Forward freight agreements	605	736	67
	13,399	14,709	21,789

Trade receivables are classified as loans and receivables, and their carrying value approximates fair value.

The credit period is 1 to 30 days (2016: 1 to 30 days, 2015: 1 to 30 days). No interest is charged on the outstanding invoice.

Included in the Group's trade receivable balance are debtors with a carrying amount of US\$4,243,000 (2016: US\$4,029,000 2015: US\$7,581,000) respectively which are past due at the end of reporting period for which the Group have not provided for, as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group do not hold any collateral over these balances.

Trade receivables are contracted directly with the third parties. The trade receivables due from the pools relate to revenue that will be collected by the pool manager and distributed in accordance with the underlying pool agreements.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of reporting period. The possibility of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further credit allowance required in excess of the allowance for doubtful debts.

The table below is an analysis of trade receivables as at 31 December:

	2017	2015	2015
	US\$'000	US\$'000	US\$'000
Not past due and not impaired ⁽ⁱ⁾	9,156	10,679	14,208
Past due but not impaired ⁽ⁱⁱ⁾	4,243	4,030	7,581
	13,399	14,709	21,789
Impaired receivables – individually assessed ⁽ⁱⁱⁱ⁾	–	–	170
Less: Allowance for impairment	–	–	(170)
Total trade receivables, net	13,399	14,709	21,789

⁽ⁱ⁾ Management believes that trade receivables that are neither past due nor impaired are with creditworthy counterparties.

⁽ⁱⁱ⁾ Aging of receivables that are past due but not impaired:

⁽ⁱⁱⁱ⁾ These amounts are stated before any deduction for impairment losses.

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
1 day to 30 days	2,509	799	1,930
31 days to 60 days	511	1,439	3,588
61 days to 90 days	209	214	1,365
More than 90 days	1,014	1,578	698
	4,243	4,030	7,581

The balances relate to receivables from long standing customers with no clear indicators of past credit default experience.

Movement in the allowance for doubtful debts:

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Balance at beginning of the year	-	170	-
Increase in allowance for doubtful debts	-	-	170
Amounts written off during the year as uncollectible	-	(170)	-
Balance at end of year	-	-	170

Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts from charter hire income, determined by reference to past default experience.

8. OTHER RECEIVABLES AND PREPAYMENTS

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Current:			
Deposits	293	(198)	(929)
Prepayments	1,493	3,395	2,590
Voyages in progress	12,367	13,935	13,240
Other receivables	3,034	4,457	4,743
	<u>17,187</u>	<u>21,589</u>	<u>19,644</u>
Non-current assets			
Other receivables	72	64	-
	<u>17,259</u>	<u>21,653</u>	<u>19,644</u>

9. DUE FROM RELATED PARTIES

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Due from related parties (Note 5)			
- interest bearing - trade	-	(83)	(1)
- interest bearing - non-trade	23,020	20,703	18,307
Due from joint ventures (Note 5)			
- non-interest bearing - non-trade	2,597	2,319	2,058
- interest bearing - non-trade	26,888	22,868	-
	<u>52,505</u>	<u>45,807</u>	<u>20,364</u>

Amounts due from related parties are classified as loans and receivables and their carrying value approximate fair value. They are unsecured and repayable on demand.

Interest is charged at 15% per annum on the amounts due from joint ventures.

Interest is charged on amounts due from related parties of US\$15,215,000 (2016: US\$14,395,000, 2015: US\$8,110,000) at 8.22% (2016: 7.98%, 2015: 5.95%) per annum. The remaining loans are interest free.

The Group have not made any allowance as the management is of the view that these receivables are recoverable.

10. LOANS TO JOINT VENTURES

US\$13,765,000 (2016: US\$13,370,000 2015: US\$13,037,000) of the loans to joint ventures relate to payments made for instalments due for ships under construction in accordance with the terms of ship building contracts. The loans are repayable over a period of 10 to 17 years from date of respective ship delivery. These loans are unsecured and bear interest at rates ranging from 1.03% to 2.91% (2016: 1.03% to 2.61% 2015: 1.13% to 1.42%) per annum. These loans approximate to their fair value as the loan is arranged at floating rates.

US\$22,383,000 (2016: US\$21,960,000 2015: US\$21,522,000) of loans to joint ventures are unsecured and bear interest at a rate of 2% (2016: 2% 2015: Nil %) per annum during the year. The loans are not expected to be repaid within 12 months from the end of the reporting period. The carrying value of the loans at year end approximates the fair value.

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Loans to joint ventures analysed between:			
<u>Assets</u>			
Current assets	22,400	15	2,639
Provision for losses on joint venture	(4,220)		
	<u>18,180</u>	<u>15</u>	<u>2,639</u>
<u>Non-current assets</u>			
Non-current assets	13,748	35,315	31,920
Provision for losses on joint ventures	(6,447)		
	<u>7,301</u>	<u>35,315</u>	<u>31,920</u>
	<u>25,481</u>	<u>35,330</u>	<u>34,559</u>

Provision for losses on joint venture arose from recognition of the Group's share of losses in joint venture that are in excess of the Group's cost of investment in joint ventures (Note 15). As a result, the provision of losses on joint venture are then applied to loans of the respective joint ventures, representing the other components of the Group's interest in these joint ventures.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Forward freight agreements and bunker swaps - analysed between:

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
<u>Assets</u>			
Current assets	<u>123</u>	<u>225</u>	<u>300</u>
<u>Liabilities</u>			
Current liabilities	<u>(138)</u>	<u>(450)</u>	<u>(2,964)</u>

The Group has entered into a number of forward freight agreements covering certain open positions of its capesize and handysize ships. These are entered into in the normal course of business in order to hedge against open positions in the fleet from contracts of affreightment and exposure on earnings for the handysize ships trading in a pool on the spot market. At 31 December 2017, there are 7 (2016: 4, 2015: 6) outstanding forward freight agreements, maturing as follows:

Settlement period		Strike price US\$	Quantity/ Duration	Notional value US\$'000	Fair value gain (loss) US\$'000
2017					
Derivative instruments in designated hedge accounting relationships:					
<u>Current asset</u>					
January 2018 to March 2018	BSI-Ave	9,800	45 days	441	1
January 2018 to March 2018	BSI-Ave	10,300	40 days	412	16
				<u>853</u>	<u>17</u>
<u>Current liability</u>					
January 2018 to March 2018	BSI-Ave	8,900	30 days	267	(27)
January 2018 to March 2018	BSI-Ave	9,150	90 days	824	(57)
January 2018 to March 2018	BHSI-Ave	8,050	90 days	725	(40)
January 2018 to March 2018	BHSI-Ave	8,100	15 days	122	(7)
January 2018 to March 2018	BHSI-Ave	8,250	30 days	248	(7)
				<u>2,186</u>	<u>(138)</u>
2016					
Derivative instruments in designated hedge accounting relationships:					
<u>Current asset</u>					
January 2017 to March 2017	BSI-Ave	7,000	45 days	315	4
<u>Current liability</u>					
January 2017 to March 2017	BSI-Ave	5,100	90 days	459	(163)
January 2017 to March 2017	BSI-Ave	5,000	90 days	450	(172)
January 2017 to March 2017	BHSI-Ave	4,675	90 days	421	(115)
				<u>1,330</u>	<u>(450)</u>

Settlement period		Strike price	Quantity/	Notional value	Fair value gain (loss)
		US\$	Duration	US\$'000	US\$'000
2015					
Derivative instruments in designated hedge accounting relationships:					
January 2016 to March 2016	BSI-Ave	7,100	30 days	213	57
January 2016 to March 2016	BSI-Ave	6,700	30 days	201	45
January 2016 to June 2016	BSI-Ave	6,100	90 days	549	47
January 2016 to June 2016	BSI-Ave	6,000	90 days	540	38
January 2016 to June 2016	BSI-Ave	6,000	90 days	540	38
January 2016 to June 2016	BSI-Ave	6,000	180 days	1,080	75
Current asset				3,123	300

The Group has entered into a number of bunker swaps, as follows:

Settlement period		Strike price	Quantity/	Notional value	Fair value gain (loss)
		US\$	Duration	US\$'000	US\$'000

2017

Derivative instruments in designated hedge accounting relationships:

January 2017 to December 2017	Rott 3.5% Brg	326	3,600 MT	1,174	106
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2016

Derivative instruments in designated hedge accounting relationships:

January 2017 to December 2017	Rott 3.5% Brg	278	9,600 MT	2,671	216
July 2017	MOPS 380	253	350 MT	89	5
Current asset				2,760	221

2015

Derivative instruments in designated hedge accounting relationships:

February 2016	MOPS 380	188	400 MT	75	(11)
March 2016	MOPS 380	193	400 MT	77	(12)
Current liability				152	(23)

Derivative instruments in designated hedge accounting relationships:

January 2016 to August 2016	Rott 3.5% Brg	561	2,400 MT	1,346	(976)
January 2015 to August 2016	MOPS 380	583	12,000 MT	6,996	(1,965)
				8,342	(2,941)

BSI-Ave denotes "Baltic Supramax Index (Average)"

BHSI-Ave denotes "Baltic Handysize Index (Average)"

MOPS 380 denotes "Mean of Platts Singapore 380"

Rott 3.5% Brg denotes "3.5% Fuel Oil Barges FOB Rotterdam"

12. INVENTORIES

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Bunkers and other consumables at cost	9,078	10,846	7,793
Inventory held for sale		-	-
Ships reclassified from ships, property, plant and equipment as inventories (Note 13) ^(a)	16,988	13,351	12,765
Sale of ships recognised as inventories ^(a)	(16,988)	(13,351)	(12,765)
	<u>9,078</u>	<u>10,846</u>	<u>7,793</u>

(a) On 29 June 2017 and 27 October 2017, the company entered into Memorandums of Agreement with third parties for the sale of inventories held for sale at purchase consideration of US\$10,897,000 and US\$6,830,000 before commission and other miscellaneous expenses. The ships were delivered to the third parties on 17 October 2017 and 27 November 2017 respectively.

On 9 February 2015 and 5 August 2016, the Group entered into Memorandum of Agreement with a third party for the sale of ships at purchase consideration of US\$12,858,000 and US\$12,275,000 respectively. The ships were delivered to the third party on 4 June 2015 and 31 October 2016.

Ships reclassified from Ships, property, plant and equipment as inventories is reconciled as follows:

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Cost (Note 13)	39,256	18,403	26,853
Accumulated depreciation (Note 13)	(11,744)	(819)	(4,280)
Impairment (Note 13)	(10,524)	(4,233)	(9,808)
Carrying amount	<u>16,988</u>	<u>13,351</u>	<u>12,765</u>

	Office equipment, furniture and fittings and motor vehicles	Plant and equipment	Plant and equipment under construction	Ships	Dry-docking	Construction in progress	Freehold land and buildings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Accumulated depreciation:								
Balance at 1 January 2015	4,936	3,046	-	74,362	4,129	-	-	86,473
Depreciation	174	640	-	19,938	3,837	-	-	24,589
Disposals	-	(180)	-	-	(3,518)	-	-	(3,698)
Reclassification to inventories (Note 12)	-	-	-	(4,242)	(38)	-	-	(4,280)
Effect of foreign currency exchange differences	(1,142)	-	-	2	172	-	-	(968)
Balance at 31 December 2015	3,968	3,506	-	90,060	4,582	-	-	102,116
Depreciation	195	1,026	-	13,817	3,817	-	-	18,855
Disposals	-	(680)	-	-	(1,858)	-	-	(2,538)
Reclassification to inventories (Note 12)	-	-	-	(819)	-	-	-	(819)
Effect of foreign currency exchange differences	472	-	-	7	279	-	-	758
Balance at 31 December 2016	4,635	3,852	-	103,065	6,820	-	-	118,372
Depreciation	197	814	-	11,846	3,509	-	-	16,366
Disposals	(41)	(218)	-	-	(3,183)	-	-	(3,442)
Reclassification to inventories (Note 12)	-	-	-	(10,948)	(796)	-	-	(11,744)
Effect of foreign currency exchange differences	425	-	-	42	167	-	-	634
Balance at 31 December 2017	5,216	4,448	-	104,005	6,517	-	-	120,186

	Office equipment, furniture and fittings and motor vehicles	Plant and equipment	Plant and equipment under construction	Ships	Dry-docking	Construction in progress	Freehold land and buildings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Impairment:								
Balance at 1 January 2015	-	-	-	16,195	-	310	-	16,505
Impairment losses recognised in profit or loss	-	-	-	67,800	-	-	-	67,800
Reclassification to inventories (Note 12)	-	-	-	(9,808)	-	-	-	(9,808)
Balance at 31 December 2015	-	-	-	74,187	-	310	-	74,497
Impairment losses recognised in profit or loss	-	-	-	12,625	-	-	-	12,625
Reclassification to inventories (Note 12)	-	-	-	(4,233)	-	-	-	(4,233)
Balance at 31 December 2016	-	-	-	82,579	-	310	-	82,889
Impairment losses recognised in profit or loss	-	-	-	13,115	3,387	-	-	16,502
Reclassification to inventories (Note 12)	-	-	-	(10,524)	-	-	-	(10,524)
Balance at 31 December 2017	-	-	-	85,170	3,387	310	-	88,867
Carrying Amount:								
At 31 December 2017	632	1,757	-	232,259	3,173	463	307	238,591
At 31 December 2016	431	2,571	239	272,994	7,053	463	278	284,029
At 31 December 2015	452	981	153	274,075	7,159	15,661	244	298,725

In 2015, there was a price adjustment of US\$65,000 to the dry-dock expenditure incurred in 2014.

Certain ships are pledged to secure bank borrowings as disclosed in Note 18.

At 31 December 2016, management decided and committed to sell two ships within the next Financial Year and assessed the recoverable value of these ships using fair value less cost to sell. The assessment led to an impairment loss of US\$8,392,000. Accordingly, the carrying amounts of the ships of US\$16,500,000 were transferred to current assets (inventories) as held for sale. The ships were subsequently sold at a purchase consideration of US\$17,727,000 and delivered to third parties in 2017.

At 31 December 2017, the value in use calculations indicated that a number of vessels were below the carrying value of the asset. Management impaired the cost of the vessels to the extent of US\$13,115,000 and the associated dry dock values by US\$3,387,000.

14. SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group			Cost of investment in subsidiaries		
			2017	2016	2015	2017	2016	2015
			%	%	%	US\$'000	US\$'000	US\$'000
Unicorn Bunker Services	Bunker owning and operating	South Africa	100%	100%	100%	6,399	5,791	5,082

The results of Unicorn Bunker Services have been carved out of the combined financial statements. The parent holds the investment in the subsidiary, but without the results of the subsidiary, the cost of investment could not be eliminated on consolidation.

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group		
			2017	2016	2015
			%	%	%
Comshipco Schiffahrts Agentur GmbH	Ship agents and operators	Germany	100%	100%	100%
Unicorn Calulo Shipping Services Proprietary Limited	Ship operating	South Africa	100%	100%	100%
IVS Bulk Owning Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk Carriers Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 430 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 462 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 475 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 511 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 512 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 603 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 609 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 611 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
IVS Bulk 612 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Grindrod Shipping Services UK Limited	To provide shipping and shipping related services	United Kingdom	100%	100%	100%
Unicorn Atlantic Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Unicorn Baltic Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Unicorn Ionia Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Unicorn Tanker Operations (434) Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Unicorn Ross Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Nyathi Limited	Ship Owning and Operating	Isle of Man	100%	100%	100%
Unicorn Caspian Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Unicorn Marmara Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Unicorn Scotia Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Unicorn Malacca Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%	100%
Unicorn Bulk Carriers Ltd	Dormant	British Virgin Islands	100%	100%	100%
Unicorn Tankers International Ltd	Dormant	British Virgin Islands	100%	100%	100%
Grindrod Maritime LLC (formerly known as York Maritime Holdings. V. LLC)^	Ship Owning and Operating	Marshall Islands	100%	100%	100%

^ Acquired from third party on 3 August 2015. See Note 39 for details of transaction.

15. INTEREST IN JOINT VENTURES

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Unquoted equity shares, at cost per table below	80,499	80,499	66,764
Share of post-acquisition loss net of dividends received	(16,203)	(13,924)	(5,619)
Carrying amount	64,296	66,575	61,145

The Group's share of losses in joint ventures that are in excess of the Group's cost of investment of US\$10,667,000 (2016: US\$Nil and 2015: US\$Nil) are accounted for as provision for losses on joint ventures (Note 10).

Details of the joint ventures are as follows:

Name of joint venture	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group			Cost of investment in subsidiaries		
			2017	2016	2015	2017	2016	2015
			%	%	%	US\$'000	US\$'000	US\$'000
Handyventure Singapore Pte. Ltd. ^(a)	Ship owning and operating	Singapore	-	-	50,0%	-	-	-
Tri-View Shipping Pte. Ltd. ^(c)	Ship owning and operating	Singapore	51%	51,0%	51,0%	132	132	132
IM Shipping Pte. Ltd. ^(c)	Ship owning and operating	Singapore	51%	51,0%	51,0%	25	25	25
Island Bulk Carriers Pte. Ltd. ^(c)	Ship owning and operating	Singapore	65,0%	65,0%	65,0%	*	*	*
IVS Bulk Pte. Ltd. ^{(b) (c)}	Ship owning and operating	Singapore	33,5%	33,5%	33,5%	66,440	66,440	52,705
Petrochemical Shipping Limited	Ship owning and operating	Isle of Man	50,0%	50,0%	50,0%	13,902	13,902	13,902
Leopard Tankers Pte. Ltd.	Ship owning and operating	Singapore	50,0%	50,0%	50,0%	*	*	*
						80,499	80,499	66,764

* Amount is less than US\$1,000.

(a) In 2015, Handyventure Singapore Pte. Ltd. was liquidated and the Group's investment in the joint venture of US\$500,000 was returned to the Group.

(b) In 2017, no further share capital was injected by the Group (2016: US\$13,735,000, 2015: US\$20,240,000) into its joint venture, IVS Bulk Pte. Ltd. The company's interest in IVS Bulk Pte. Ltd. remains at 33,5%.

(c) The Group has joint control over these entities by virtue of the contractual arrangement with its joint venture partner(s) requiring resolutions on the relevant activities to be passed based on unanimous approval.

The above joint ventures are accounted for using the equity method in these combined financial statements.

In 2017, the total share of joint venture companies' loss after taxation amounts to US\$12,946,000 (2016: US\$3,472,000, 2015: US\$18,748,000).

Summarised financial information in respect of the Group's joint ventures are set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs, adjusted by the Group for equity accounting purposes.

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Tri-View Shipping Pte. Ltd.			
Current assets	2,771	4,086	5,079
Non-current assets	11,258	14,812	15,964
Current liabilities	(1,397)	(1,381)	(12,345)
Non-current liabilities	(7,966)	(9,245)	–

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	2,525	3,932	4,954
Current financial liabilities (excluding trade and other payable and provisions)	(1,302)	(1,298)	(12,021)
Non-current financial liabilities (excluding trade and other payables and provisions)	(7,966)	(9,245)	–
Revenue	2,495	2,772	3,065
Gross profit/ (loss)	15	(195)	(357)
Loss for the year, representing total comprehensive loss for the year	(3,606)	(426)	(5,096)

The above loss for the year include the following:

Depreciation and amortisation	(772)	(1,152)	(1,510)
Impairment loss	(3,274)	–	(4,885)
Interest expense	(283)	(208)	(161)
Income tax expense	11	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the combined financial statements:

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Net assets of the joint venture	4,666	8,272	8,698
Proportion of the Group's ownership interest in the joint venture	51%	51%	51%
Other adjustments	(31)	(283)	(303)
Carrying amount of the Group's interest in the joint venture	2,349	3,936	4,133

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
IM Shipping Pte. Ltd.			
Current assets	1,386	1,550	1,895
Non-current assets	21,250	39,080	48,798
Current liabilities	(3,618)	(3,410)	(3,392)
Non-current liabilities	(31,660)	(33,666)	(35,659)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	705	1,295	1,335
Current financial liabilities (excluding trade and other payables and provisions)	(3,326)	(3,147)	(3,145)
Non-current financial liabilities (excluding trade and other payables and provisions)	(31,660)	(33,666)	(35,659)
Revenue	7,363	6,429	7,433
Gross profit (loss)	2,030	(364)	335
Loss for the year, representing total comprehensive loss for the year	(16,196)	(8,088)	(5,647)

The above loss for the year include the following:

Depreciation and amortisation	(1,821)	(3,096)	(3,532)
Impairment loss	(16,508)	(7,050)	(5,782)
Interest expense	(335)	(380)	(392)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the combined financial statements:

Net assets of the joint venture	12,642	3,554	11,642
Proportion of the Group's ownership interest in the joint venture	51%	51%	51%
Provision for losses on joint venture (Note 10)	6,447	-	-
Other adjustments	-	(4,485)	(8,891)
Carrying amount of the Group's interest in the joint venture	-	(2,672)	(2,954)

Island Bulk Carriers Pte. Ltd.

Current assets	1,602	2,042	3,460
Current liabilities	(1,781)	(1,460)	(1,240)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	5	515	1,501
Current financial liabilities (excluding trade and other payables and provisions)	(585)	(2)	-
Revenue	22,594	15,075	18,905
Gross (loss) profit	(681)	(751)	2,243
(Loss) Profit for the year, representing total comprehensive (loss) profit for the year	(761)	(838)	2,149
Dividend income from the joint venture during the year	-	520	1,422

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the combined financial statements:

Net assets of the joint venture	(179)	582	2,220
Proportion of the Group's ownership interest in the joint venture	65%	65%	65%
Carrying amount of the Group's interest in the joint venture	(116)	378	1,443

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
IVS Bulk Pte. Ltd.			
Current assets	36,572	58,051	4,894
Non-current assets	277,651	245,414	216,731
Current liabilities	(38,035)	(33,302)	(7,748)
Non-current liabilities	(114,400)	(112,518)	(80,358)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	30,451	32,182	2,506
Current financial liabilities (excluding trade and other payables and provisions)	(36,772)	(32,327)	(6,858)
Non-current financial liabilities (excluding trade and other payables and provisions)	(114,400)	(112,518)	(80,358)
Revenue	39,816	24,082	11,106
Gross profit (loss)	7,930	(2,326)	(1,663)
Profit (loss) for the year, representing total comprehensive profit (loss) for the year	4,143	(16,874)	(29,815)

The above profit (loss) for the year include the following:

Depreciation and amortisation	(11,937)	(9,069)	(4,711)
Impairment loss	–	(6,840)	(25,017)
Interest income	12	27	–
Interest expense	(9,938)	(6,802)	(2,815)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the combined financial statements:

Net assets of the joint venture	161,788	157,645	133,519
Proportion of the Group's ownership interest in the joint venture	33.5%	33.5%	33.5%
Goodwill	3,575	3,575	3,575
Other adjustments	(6,406)	(6,406)	(6,406)
Carrying amount of the Group's interest in the joint venture	51,368	49,980	41,898

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Petrochemical Shipping Limited			
Current assets	4,784	4,070	5,370
Non-current assets	28,000	38,822	40,931
Current liabilities	(11,327)	(12,757)	(1,856)
Non-current liabilities	(94)	(102)	(14,347)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	4,077	3,357	3,513
Current financial liabilities (excluding trade and other payables and provisions)	(10,897)	(12,288)	(1,275)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(14,245)
Revenue	8,297	8,773	8,546
Gross profit (loss)	828	317	(113)
Loss for the year, representing total comprehensive loss for the year	(8,644)	(65)	(3,246)

The above loss for the year include the following:

Depreciation and amortisation	(1,960)	(2,581)	(3,014)
Impairment loss	(8,862)	–	(2,366)
Interest income	38	23	7
Interest expense	(488)	(551)	(572)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the combined financial statements:

Net assets of the joint venture	21,389	30,033	30,098
Proportion of the Group's ownership interest in the joint venture	50%	50%	50%
Other adjustments	–	(2,613)	(4,670)
Carrying amount of the Group's interest in the joint venture	10,695	12,404	10,379

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Leopard Tankers Pte. Ltd.			
Current assets	10,810	12,716	16,519
Non-current assets	108,000	125,302	131,557
Current liabilities	(127,249)	(11,820)	(8,153)
Non-current liabilities	–	(121,378)	(127,791)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	6,229	8,119	8,287
Current financial liabilities (excluding trade and other payables and provisions)	(125,611)	(10,825)	(7,983)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(121,378)	(127,791)
Revenue	19,222	21,401	32,811
Gross profit	5,364	5,792	14,473
(Loss) profit for the year, representing total comprehensive (loss) profit for the year	(13,258)	1,315	10,857
Dividend income from the joint venture during the year	–	4,313	–

The above profit for the year include the following:

Depreciation and amortisation	(5,000)	(6,254)	(6,257)
Impairment Loss	(14,491)	–	–
Interest expense	(4,302)	(4,192)	(3,219)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the combined financial statements:

Net assets of the joint venture	(8,439)	4,820	12,132
Proportion of the Group's ownership interest in the joint venture	50%	50%	50%
Provision for losses on joint venture (Note 10)	4,220	–	–
Other adjustments	–	139	180
Carrying amount of the Group's interest in the joint venture	–	2,549	6,246

16. INTANGIBLE ASSETS

	Total US\$'000
Cost:	
Balance at 1 January 2015	8,250
Additions	59
Effect of foreign currency exchange differences	(1,649)
Balance at 31 December 2015	6,660
Additions	7
Disposal	(3)
Effect of foreign currency exchange differences	924
Balance at 31 December 2016	7,588
Additions	19
Effect of foreign currency exchange differences	795
Balance at 31 December 2017	8,402
Accumulated amortisation:	
Balance at 1 January 2015	1,762
Amortisation	993
Effect of foreign currency exchange differences	(634)
Balance at 31 December 2015	2,121
Amortisation	850
Effect of foreign currency exchange differences	359
Balance at 31 December 2016	3,330
Amortisation	687
Impairment	3,636
Effect of foreign currency exchange differences	688
Balance at 31 December 2017	8,341
Carrying Amount:	
At 31 December 2017	61
At 31 December 2016	4,258
At 31 December 2015	4,539

Intangible assets include club memberships, customer relationships, purchased lease contracts and software and licences. Club memberships are lifetime memberships and are not amortised. Lease contracts relate to the purchase of the rights to lease a property on favourable terms to the market, are amortised over the lease term of between 11 and 20 years. Software and licenses arose from the installation of major information systems (including packaged software) and are amortised over 3 years, the period over which the benefit is expected to accrue.

An impairment of US\$3,636,000 (2016: US\$ Nil 2015: US\$ Nil) was recognized in respect on the intangible assets based on the value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates pre tax discount rates to be 15% (2016: 12% 2015:12%) which they believe reflect current market assessments of the time value of money and the risks specific to the cash generating units (CGUs). The growth rates are based on industry growth forecasts and are estimated to be 5.5% (2016: 5.8% 2015: 5.8%). Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

17. GOODWILL

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Cost:			
Balance at 1 January	16,626	15,039	19,472
Effect of foreign currency exchange differences	1,360	1,587	(4,433)
Balance at 31 December	17,986	16,626	15,039
Accumulated impairment losses:			
Balance at 1 January	604	604	604
Impairment	8,483	–	–
Effect of foreign currency exchange differences	479	–	–
Balance at 31 December	9,566	604	604
Carrying amount: As 31 December	8,420	16,022	14,435

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the cost of goodwill had been allocated as follows:

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Cost:			
Island Trading and Shipping	3,064	3,064	3,064
Unicorn Tankers, a division of Grindrod Shipping (South Africa) Pty Ltd	14,040	12,707	11,150
Parcel Service	278	251	221
Unicorn Tankers International	604	604	604
	17,986	16,626	15,039

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units (CGUs) are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units (CGUs). The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The following cash generating units (CGUs) have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill balance:

Island Trading and Shipping

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates based on an estimated growth rate of nil% (2016: Nil%, 2015: Nil%) per annum for the first year nil% (2016: 2.1%, 2015: 2.1%) per annum for the second year and nil% (2016: 2.2% 2015: 2.2%) per annum thereafter. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 7.55% (2016: 7.55%, 2015: 7.55%).

Based on the assessment, management has recorded an impairment loss of US\$2,364,000 for the Financial Year ended 31 December 2017 (2016: US\$Nil and 2015: US\$Nil) and this arose from the unfavourable change in market conditions and following which, the management performed a reassessment and the recoverable amount of the CGU is less than the carrying amount, resulting in the impairment. No class of asset other than goodwill was impaired

At the end of the reporting period, any reasonably possible changes to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

Unicorn Tankers a division of Grindrod Shipping (South Africa) Pty Ltd

The Group prepares five-year period cash flow forecasts derived from the most recent financial budgets approved by management and the cash flows beyond the five-year period have been extrapolated using an estimated growth rate of 5.5% (2016: 5.8% 2015: 5.8%) per annum. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 15% (2016: 12%, 2015: 12%).

Based on the value in use calculations, an impairment of US\$6,119,000 was required at 31 December 2017 (2016: US\$ Nil 2015: US\$Nil). The impairment at 31 December 2017 arose from the change in market conditions and following which, the management performed a reassessment and the recoverable amount of the CGU is less than the carrying amount resulting in the impairment.

Following the impairment loss recognised in Unicorn Tankers, a division of Grindrod Shipping (South Africa) Pty Ltd CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in key assumptions would lead to a further impairment

18. BANK LOANS

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Secured – at amortised cost:			
Bank Loans	108,754	103,007	91,938
Analysed between:			
Current portion	87,964	32,526	91,938
Non-current portion	20,790	70,481	–
	108,754	103,007	91,938
Interest payable (included in bank loans)	453	576	550
Loans due after one year are estimated to be repayable as follows:			
Within 2 to 5 years	20,790	70,479	–
After 5 years	–	2	–
	20,790	70,481	–

The bank loans are secured on cash and certain ships owned by the Group. The cash pledged and the carrying value of the ships under security charge as at 31 December 2017 is US\$5,183,000 (2016: US\$5,241,000 2015: US\$5,131,000) and US\$233,866,000 (2016: US\$248,171,000 2015: US\$248,872,000) respectively. In addition, the loan facility has charges over the subsidiaries' earnings, insurances, charter and charter guarantees and any requisition compensation. Certain of the bank loans are guaranteed by Grindrod Shipping Pte Ltd and/or the ultimate holding company.

The bank loans are arranged at London Interbank Offered Rate ("LIBOR") plus the respective margins. These bear a weighted average effective interest rate of 3.83% (2016: 3.11% 2015: 2.69%) per annum.

At 31 December 2016, the Group had available US\$5,000,000 (2016: US\$6,425,000 2015: US\$46,870,000) of undrawn committed borrowing facilities which are subjected to the Group meeting all conditions precedent to drawdown.

The Group has several bank loan facilities and regularly monitors the covenants stated in the loan agreements. At 31 December 2015, the Group breached one of the covenants on certain long-term bank loans. Under the loan agreements, the breach of a covenant gives the bank a right to exercise remedies, including the right of immediate repayment, if the covenant is not rectified within the required period. Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of US\$63,177,000. Subsequent to the year-end, the banks granted the Group a waiver in respect of the breached covenant. There is no breach of loan covenants at 31 December 2017 and 31 December 2016.

19. TRADE AND OTHER PAYABLES

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Trade payables	6,186	5,568	3,455
Accrued expenses	18,243	19,832	21,175
Advances received	4,110	6,208	8,316
Others	983	1,190	161
	29,522	32,798	33,107
Non-current trade and other payables	(1,168)	(873)	(687)
Current trade and other payables	28,354	31,925	32,420

Trade and other payables are recognised at amortised cost and their carrying value approximates fair value. Charter hire is paid in advance in terms of the charter contracts. The remaining payment terms are predominately 30 days.

The Group's trade and other payables are denominated in its functional currency and are predominantly non-interest bearing and unsecured.

20. PROVISION FOR ONEROUS CONTRACT

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Provision for onerous contract	1,271	8,697	4,876

Provision for onerous contract represents the present value of the future charter payments that the Group is presently obligated to make under non-cancellable onerous operating charter agreements and contracts of affreightment, less charter revenue expected to be earned on the charter. The estimate may vary as a result of changes to ship running costs and charter and freight revenue. The rate used to discount the future charter payments is 7.55% (2016: 7.55% 2015: 7.55%).

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Analysis of provision for onerous contract:			
At beginning of the year	8,697	4,876	1,523
(Release)/charge to profit or loss	(7,426)	3,821	3,353
At the end of the Financial Year	1,271	8,697	4,876

21. DUE TO RELATED PARTIES

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Due to related parties - trade (Note 5)	3,383	6,362	2,593
Due to related parties - non-trade (Note 5)	12,813	9,653	15,741
Due to joint ventures - non-trade (Note 5)	3,965	2,686	825
At the end of the Financial Year	20,161	18,701	19,159

Amounts due to related parties are recognised at amortised cost and their carrying values approximate the fair values.

22. LOANS FROM RELATED PARTIES

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Amortised cost			
Loans from related parties –unsecured	–	37,253	–

Included in loan from related parties is the interest payable of US\$ Nil (2016: US\$253,000 2015: US\$ Nil). Loans from related parties are unsecured, repayable on demand and bear an interest of LIBOR plus 3% margin. The loans were fully repaid in 2017. The weighted average effective interest rate was 3.49% in 2016.

23. SHARE CAPITAL AND PREMIUM

	Share capital	Share premium	Total
	US\$'000	US\$'000	US\$'000
Issued and paid up:			
At 1 January 2015	417,599	19,906	437,505
Issue of ordinary shares	*	21,596	21,596
At 31 December 2015 and 2016	417,599	41,502	459,101
Issue of ordinary shares	15,000	–	15,000
At 31 December 2017	432,599	41,502	474,101

* Amount is less than US\$1,000.

The ordinary shares of Grindrod Shipping Pte Ltd, comprising of 101,009 (2016: 101,008, 2015: 101,008) issued and paid up ordinary shares, have no par value, carry one vote per share and carry a right to dividends as and when declared by the company. On 11 December 2017, one ordinary share was issued to the ultimate holding company for US\$15,000,000.

The ordinary shares of Grindrod Shipping (South Africa) Pty Ltd, comprising of 5,003 (2016: 5,003, 2015: 5,002) issued and paid up ordinary shares, have a par value of ZAR1 each and carry one vote per share and carry a right to dividends as and when declared by the company. On the 21 May 2015, one ordinary share was issued to the ultimate holding company at a premium of US\$21,597,000 (ZAR276,000,000).

24. SHARE OPTION RESERVE

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Balance at 1 January	(345)	(284)	(450)
Share-based payments expenses	288	150	166
Forfeited	(310)	(211)	–
Acquired	(379)	–	–
Balance at 31 December	(746)	(345)	(284)

The Group's ultimate holding company, Grindrod Limited, operates a share option scheme, in which certain Directors of the company participate in. The financial effects of the share options granted to the relevant company's Directors are accordingly recharged from the ultimate holding company to be recorded in the financial statements of the Group. Refer to Note 5 Related Party Transactions (ii) Compensation of key management personnel.

In terms of the Forfeitable Share Plan, the company purchases shares in the ultimate company at fair value and grants the shares to the employees, who are eligible for this plan. The participants are entitled to receive dividends paid and to vote in respect of the shares awarded. However, the forfeitable shares cannot be disposed of or otherwise encumbered and are also subject to a risk of forfeiture until the vesting date.

The shares vest in three equal tranches at the end of years three, four and five after award date. For the vesting conditions to be met the participants are required to remain employed by the Group until the vesting date. There are no performance criteria in the vesting conditions. Employees terminating employment due to resignation or dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct will be classified as bad leavers and will forfeit all unvested awards.

25. OTHER RESERVES

Hedging reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiaries into United States dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of translation reserves. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are also recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserves.

Non-distributable reserve

The non-distributable reserve arises from the restructure of the Group and a buy back of the Broad Based Black Economic Empowerments ("BBBEE") shareholdings in June 2014. Grindrod Shipping (South Africa) Pty Ltd acquired the non-controlling interest of its subsidiaries from the minority shareholders. As the increase in shareholdings do not result in a change of control, the difference between consideration paid and the carrying value of net assets in equity was recognised as a non-distributable reserve.

26. REVENUE

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Charter hire	121,647	90,800	113,438
Freight revenue	209,384	207,881	246,928
Vessel revenue	331,031	298,681	360,366
Sale of ship held for sale	17,235	12,275	12,858
Sale of bunkers and other consumables	492	–	352
	17,727	12,275	13,210
Management fees	5,702	4,482	2,351
Other	575	3,833	2,386
	6,277	8,315	4,737
	355,035	319,271	378,313

27. COST OF SALES

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Analysis of Cost of sales:			
Charter hire expenses	127,748	121,080	150,595
Pool distribution	54,941	40,414	14,252
Fuel expenses	55,885	52,564	77,741
Port expenses	33,793	37,375	39,614
Other expenses	12,228	2,916	5,507
Forward freight agreements	1,085	213	(1,612)
Voyage Expenses	157,932	133,482	135,501
Depreciation (Note 33)	16,169	18,659	24,415
Crew expenses	21,101	21,793	21,895
Repairs and maintenance	5,081	5,011	5,774
Insurance	3,194	3,544	4,442
Other voyage expenses	5,575	8,499	7,687
Vessel operating Costs	34,951	38,847	39,799
Cost of sales on sale of ships classified as inventories	16,988	13,351	12,765
Cost of sales on sale of bunkers and other consumables	572	–	146
Cost of ship sold	17,560	13,351	12,911
Provision for onerous contracts (Note 20)	(7,426)	3,821	3,353
Other	1,645	1,979	370
Other expenses	(5,781)	5,800	3,723
	<u>348,579</u>	<u>331,219</u>	<u>366,944</u>

28. SEGMENT INFORMATION

The information reported to the Group's chief operating decision maker, who are Directors of the Group, for the purpose of resource allocation and assessment of segment performance is provided based on the six operating segments within the two businesses of the group, which are also reportable segments of the Group:

- a. In the drybulk carrier business, the Group operates a diversified fleet of owned, long-term chartered and joint-venture dry-bulk vessels across the world. The Group operates this business with a focus on the categories of vessels – namely Handysize and Supramax, with all other businesses within this business categorized as Others. Accordingly, the reportable segments of the drybulk business are: Handysize; Supramax and Others.
- b. In the tanker business, the group operates a diversified fleet of owned, long-term chartered and joint-venture liquid-bulk vessels across the world. The group operates this business with a focus on the categories of vessels – namely MR Tankers and Small Tankers, with all other businesses within this business categorized as Others. Accordingly, the reportable segments of the tanker business are: MR Tankers; Small Tankers and Others.

The reportable segments of the group have been identified on a primary basis by the business segment which is representative of the internal reporting used for management purposes, including the chief operating decision maker, as well as the source and nature of business risks and returns.

Joint-ventures financial information are included within the segment information on a proportionate consolidation basis as the Group's chief operating decision maker reviews them together with the entities of the Group. Accordingly, joint-ventures' proportionate financial information are adjusted out to reconcile to the combined financial statements in the 'Adjustment' column.

Segment profit (i.e. Gross (loss)/profit) represents the profit earned by each segment without allocation of central administration costs and Directors' salaries. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Group activities that do not relate to the above two segments are accumulated in the 'Unallocated' segment financial information. Revenue reported in the segments represents revenue generated from external customers. There were no inter-segment sales in the year (2016: Nil, 2015: Nil).

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets at the combined group level.

It is not practical to report revenue or non-current assets on a geographical basis due to the international nature of the shipping market.

For the year ended 31 December 2017, no customers accounted for 10% or more of our drybulk business revenues. For the year ended 31 December 2016 and 2015, one customer accounted for 10% or more of our drybulk business revenues in the amounts of approximately US\$40.9 million and US\$43.0 million respectively. For the years ended 31 December 2017 and 2016, four customers accounted for 10% or more of tanker business revenues in the amounts of approximately US\$17.8 million, US\$15.7 million, US\$10.9 million and US\$8.9 million respectively (2016: US\$33.2 million, US\$12.3 million, US\$9.9 million and US\$9.1 million respectively). For the year ended 31 December 2015, two customers accounted for 10% or more of tanker business revenues in the amounts of approximately US\$55.9 million and US\$13.2 million respectively.

The accounting policies of the segments are the same as the group's accounting policies as described in Note 2.

The following is an analysis of the Group's revenue, results and additions to non-current assets by segment:

2017

	Drybulk Carrier Business				Tanker Business				Unallocated		Combined	
	Handysize	Supramax	Others	Total	MR Tanker	Small Tanker	Others	Total	Total	Adjustments	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Vessel revenue	118,262	156,517	10,710	285,489	42,561	22,740	5,183	70,484	355,973	(24,942)	331,031	
Ship sale revenue	6,830	-	-	6,830	10,897	-	-	10,897	17,727	-	17,727	
Other	1,639	911	1,068	3,618	(150)	-	1,409	1,259	4,877	1,400	6,277	
Total revenue	126,731	157,428	11,778	295,937	53,308	22,740	6,592	82,640	378,577	(23,542)	355,035	
Voyage expenses	(59,004)	(76,497)	(2,732)	(138,233)	(7,555)	(3,725)	151	(11,129)	(149,362)	(8,570)	(157,932)	
Vessel operating costs	(26,546)	(3,302)	1,691	(28,157)	(13,267)	(9,488)	103	(22,652)	(50,809)	15,858	(34,951)	
Charter hire	(22,773)	(73,336)	(14,054)	(110,163)	(16,257)	(2,148)	-	(18,405)	(128,568)	820	(127,748)	
Depreciation and amortisation	(10,642)	(2,648)	(4)	(13,294)	(6,476)	(2,324)	(2,268)	(11,068)	(24,362)	8,193	(16,169)	
Cost of ship sold	(5,339)	-	-	(5,339)	(12,221)	-	-	(12,221)	(17,560)	-	(17,560)	
Other	341	(124)	7,187	7,404	(756)	(864)	(277)	(1,897)	5,507	274	5,781	
Costs of sales	(123,963)	(155,907)	(7,912)	(287,782)	(56,532)	(18,549)	(2,291)	(77,372)	(365,154)	16,575	(348,579)	
Gross profit (loss)	2,768	1,521	3,866	8,155	(3,224)	4,191	4,301	5,268	13,423	(6,967)	6,456	
Operating profit/(loss)	(20,039)	(3,109)	582	(22,566)	(22,203)	(9,372)	2,850	(28,725)	(4,482)	6,924	(48,849)	
Interest income	2,052	2,048	17	4,117	320	215	20	555	4,672	592	5,264	
Interest expense	(5,158)	(2,218)	(52)	(7,428)	(2,583)	(600)	(982)	(4,165)	(11,593)	5,424	(6,169)	
Share of joint venture profit and loss	-	-	-	-	-	-	-	-	-	(12,946)	(12,946)	
Taxation	(250)	(240)	(22)	(512)	316	510	(3)	823	311	5	316	
(Loss)/profit for the year	(23,395)	(3,519)	525	(26,389)	(24,150)	(9,247)	1,885	(31,512)	(4,482)	(1)	(62,384)	
Impairment loss on ships	14,174	-	-	14,174	13,149	4,858	-	18,007	32,181	(15,678)	16,503	
Capital expenditure	4,148	4,574	74	8,796	2,287	21	34	2,342	11,138	(6,756)	4,382	

2016

	Drybulk Carrier Business				Tanker Business				Unallocated		Combined	
	Handysize	Supramax	Others	Total	MR Tanker	Small Tanker	Others	Total	Total	Total	Adjustments	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Vessel revenue	97,239	116,171	30,678	244,088	48,672	22,561	6,243	77,476	-	321,564	(22,883)	298,681
Ship sale revenue	-	-	-	-	12,275	-	-	12,275	-	12,275	-	12,275
Other	1,670	905	927	3,502	(857)	-	4,300	3,443	-	6,945	1,370	8,315
Total revenue	98,909	117,076	31,605	247,590	60,090	22,561	10,543	93,194	-	340,784	(21,513)	319,271
Voyage expenses	(53,362)	(56,009)	(13,537)	(122,908)	(5,019)	(3,453)	11	(8,461)	-	(131,369)	(2,113)	(133,482)
Vessel operating costs	(27,046)	(2,482)	1,615	(27,913)	(13,768)	(9,581)	(668)	(24,017)	-	(51,930)	13,083	(38,847)
Charter hire	(16,579)	(59,598)	(22,500)	(98,677)	(17,682)	(3,600)	-	(21,282)	-	(119,959)	(1,121)	(121,080)
Depreciation and amortisation	(11,988)	(1,860)	(23)	(13,871)	(7,778)	(1,369)	(2,551)	(11,698)	-	(25,569)	6,910	(18,659)
Cost of ship sold	-	-	-	-	(13,351)	-	-	(13,351)	-	(13,351)	-	(13,351)
Other	(409)	1,436	(4,883)	(3,856)	(1,030)	(830)	(609)	(2,469)	-	(6,325)	525	(5,800)
Costs of sales	(109,384)	(118,513)	(39,328)	(267,225)	(58,628)	(18,833)	(3,817)	(81,278)	-	(348,503)	17,284	(331,219)
Gross (loss)/profit	(10,475)	(1,437)	(7,723)	(19,635)	1,462	3,728	6,726	11,916	-	(7,719)	(4,229)	(11,948)
Operating (loss)/ profit	(20,058)	(8,869)	(11,164)	(40,091)	(8,799)	1,801	4,952	(2,046)	(2,805)	(44,942)	(1,459)	(46,401)
Interest income	1,321	1,327	53	2,701	276	227	42	545	-	3,246	592	3,838
Interest expense	(4,531)	(1,397)	(90)	(6,018)	(2,477)	(498)	(30)	(3,005)	-	(9,023)	4,339	(4,684)
Share of joint venture loss	-	-	-	-	-	-	-	-	-	-	(3,472)	(3,472)
Taxation	(1,459)	(1,498)	(300)	(3,257)	1,884	1,499	284	3,667	-	410	-	410
(Loss)/profit for the year	(24,727)	(10,437)	(11,501)	(46,665)	(9,116)	3,029	5,248	(839)	(2,805)	(50,309)	-	(50,309)
Impairment loss on ships	4,425	-	-	4,425	8,200	-	-	8,200	-	12,625	-	12,625
Capital expenditure	8,005	18,024	540	26,569	26,979	2,455	263	29,697	-	56,266	(26,711)	29,555

	Drybulk Carrier Business			Tanker Business			Unallocated		Combined		
	Handysize	Supramax	Others	MIR Tanker	Small Tanker	Others	Total	Total	Adjustments	Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Vessel revenue	100,775	145,927	46,520	70,380	26,498	3,720	100,598	-	393,820	(33,454)	360,366
Ship sale revenue	-	-	-	262	12,947	-	13,209	-	13,209	1	13,210
Other	693	268	681	(2,675)	-	2,281	(394)	-	1,248	3,489	4,737
Total revenue	101,468	146,195	47,201	67,967	39,445	6,001	113,413	-	408,277	(29,964)	378,313
Voyage expenses	(43,186)	(66,386)	(20,430)	(3,100)	(2,832)	(91)	(6,023)	-	(136,025)	523	(135,502)
Vessel operating costs	(26,247)	(320)	1,114	(14,971)	(10,995)	444	(25,522)	-	(50,975)	11,177	(39,798)
Charter hire	(25,598)	(71,579)	(26,503)	(18,900)	(5,871)	-	(24,771)	-	(148,451)	(2,144)	(150,595)
Depreciation and amortisation	(18,650)	(427)	(29)	(8,975)	(3,730)	(1,443)	(14,148)	-	(33,254)	8,839	(24,415)
Cost of ship sold	(187)	-	-	(66)	(12,918)	-	(12,984)	-	(13,171)	260	(12,911)
Other	84	(350)	(3,099)	(2,361)	(977)	(361)	(3,699)	-	(7,064)	3,341	(3,723)
Costs of sales	(113,784)	(139,062)	(48,947)	(48,373)	(37,323)	(1,451)	(87,147)	-	(388,940)	21,996	(366,944)
Gross profit/(loss)	(12,316)	7,133	(1,746)	19,594	2,122	4,550	26,266	-	19,337	(7,968)	11,369
Operating (loss)/ profit	(104,874)	2,682	(5,515)	13,665	1,939	4,455	20,059	(2,812)	(90,460)	15,634	(74,826)
Interest income	632	638	152	432	243	40	715	-	2,137	148	2,285
Interest expense	(3,299)	(627)	(89)	(2,710)	(458)	(14)	(3,182)	-	(7,197)	2,966	(4,231)
Share of joint venture profit and loss	-	-	-	-	-	-	-	-	-	(18,748)	(18,748)
Taxation	(242)	(245)	(59)	(497)	(538)	(19)	(1,054)	-	(1,600)	-	(1,600)
(Loss)/profit for the year	(107,783)	2,448	(5,511)	10,890	1,186	4,462	16,538	(2,812)	(97,120)	-	(97,120)
Impairment loss on ships	63,475	-	-	-	4,325	-	4,325	-	67,800	-	67,800
Capital expenditure	13,656	20,814	2,373	13,961	818	525	15,304	-	52,147	(27,373)	24,774

29. OTHER OPERATING INCOME

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Foreign exchange gain	2,294	3,063	4,658
Other operating income	1,101	1,545	1,122
	<u>3,395</u>	<u>4,608</u>	<u>5,780</u>

30. OTHER OPERATING EXPENSES

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Impairment loss on ships, property plant and equipment (Note 13)	16,503	12,625	67,800
Impairment loss on goodwill and intangibles (Note 16 and Note 17)	12,118	–	–
Net foreign exchange loss	3,665	3,648	1,786
Other operating expenses	1,271	1,195	1,117
	<u>33,557</u>	<u>17,468</u>	<u>70,703</u>

31. INTEREST INCOME

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Interests on loans to joint ventures (Note 5)	4,346	2,728	153
Guarantee fees from related parties (Note 5)	325	486	694
Bank interests	592	624	1,072
Other interests	–	–	366
	<u>5,263</u>	<u>3,838</u>	<u>2,285</u>

In 2015, other interest includes interest charged of US\$366,000 on deposit refundable from the shipyard for cancellation of ships.

32. INTEREST EXPENSE

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Interest on loans from related parties (Note 5)	629	312	–
Guarantee fees to related parties (Note 5)	451	514	805
Other finance cost	168	239	578
Bank loan interests	4,921	3,619	2,848
	<u>6,169</u>	<u>4,684</u>	<u>4,231</u>

33. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Depreciation of ships, dry-docking and plant and equipment (Note 27)	16,169	18,659	24,415
Depreciation of other property, plant and equipment *	197	197	173
Amortisation of intangible assets *	687	850	993
Total depreciation and amortisation	<u>17,053</u>	<u>19,706</u>	<u>25,581</u>
Allowance for doubtful debts	–	–	170
Cost of inventories recognised as expense (included in voyage expenses)	49,728	48,054	67,685
Expense recognised in respect of equity-settled share-based payments	(401)	(61)	166
Employee benefits expenses (including Directors' remuneration and share based payments)	16,071	13,144	12,909
Cost of defined benefit plan and defined contribution plans included in employee benefits expenses	1,099	1,040	1,002

* Included in administrative expenses

34. INCOME TAX EXPENSE

In December 2004, the Grindrod Shipping Pte Ltd was granted incentives under the Approved International Shipping Enterprise Incentive (“AIS”) Scheme, with effect from 10 June 2004. The incentives to the company were extended in October 2014, with effect from 10 June 2014. As such, the shipping profits of Grindrod Shipping Pte Ltd are exempted from income tax under Section 13F of the Singapore Income Tax Act. The shipping profits of the subsidiaries incorporated in Singapore are exempted from income tax under Section 13A of the Singapore Income Tax Act.

The tax rate used for the 2017, 2016 and 2015 reconciliations below is the corporate tax rate of 17% payable by corporate entities in Singapore on taxable profits under tax law in that jurisdiction. The corporate taxation rates payable by the South African entities in terms of the law in South Africa is 28% (2016: 28% 2015: 28%).

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Current tax			
In respect of the current year	1,220	(2,752)	265
Withholding taxes	6	-	(137)
Over/under provision	47	-	-
In respect of prior years	(51)	-	-
	<u>1,222</u>	<u>(2,752)</u>	<u>128</u>
Deferred tax			
In respect of the current year	(1,470)	2,342	1,496
In respect of prior years	(68)	-	(24)
	<u>(1,538)</u>	<u>2,342</u>	<u>1,472</u>
Net tax charge	<u>(316)</u>	<u>(410)</u>	<u>1,600</u>

The total charge for the year can be reconciled to the accounting loss as follows:

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Loss before tax	<u>(62,701)</u>	<u>(50,719)</u>	<u>(95,520)</u>
Income tax benefit calculated at corporate rate	(10,660)	(8,541)	(16,280)
Adjusted for:			
Effect of income that is exempted from tax	8,439	(1,489)	(150)
Effect of expenses that are not deductible in determining taxable profit	-	4,882	17,840
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,260)	(420)	(111)
Effect of tax losses disallowed to be brought forward	4,277	5,185	436
Effect of other income subjected to tax	-	-	27
Overprovision of tax in prior year	(119)	(27)	(25)
Withholding tax	7	-	(137)
	<u>(316)</u>	<u>(410)</u>	<u>1,600</u>

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and joint ventures for which deferred tax liabilities have not been recognised is US\$603,000 (2016: US\$241,000, 2015: US\$30,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unabsorbed tax losses of US\$580,000 (2016: US\$580,000, 2015: US\$580,000) available for offset against future non-exempt profits. No deferred tax assets have been recognised on such losses due to the unpredictability of future profit streams.

35. DIVIDENDS

On 11 March 2015, an interim one-tier exempt dividend of US\$24.99 per share, amounting to US\$2,524,000 was declared and paid from Grindrod Shipping Pte. Ltd. to the ultimate holding company, Grindrod Limited.

On 16 September 2015, an interim dividend of US\$866,000 (ZAR11,071,000) was declared and paid from Grindrod Shipping (South Africa) Pty Ltd to the ultimate holding company, Grindrod Limited.

36. CONTINGENT LIABILITIES

- (a) Guarantee from the Group for a joint venture loan from a financial institution:

Tri-View Shipping Pte Ltd (“TVS”), entered into a facility agreement with TVS’ related party, Mitsui & Co. Financial Services (Asia) Ltd (“Lender”) on 31 March 2009 for a credit facility of JPY1.92 billion.

Mitsui & Co. Ltd (“Mitsui”), the joint venture partner holding 49% of the shares in TVS, provided a guarantee to the Lender for 100% of the loan amount (“Mitsui’s Guarantee”).

In consideration of Mitsui providing Mitsui’s Guarantee, a guarantee facility agreement between Mitsui and the Group was signed on 29 May 2009. The Group shall provide a guarantee fee to Mitsui for 51% of any amounts to be paid by Mitsui under the Mitsui Guarantee.

At 31 December 2017, the outstanding amount relating to the above loan facility was US\$4,099,000 (2016: US\$5,370,000 and 2015: US\$6,538,000).

- (b) Guarantees from Grindrod Shipping Pte Ltd for its joint venture’s ship management agreements:

The joint venture, IM Shipping Pte Ltd entered into respective Standard Ship Management Agreement with a third-party ship management company for the management of the ships of the joint venture.

The Group has provided guarantee for the performance by the joint venture of its liabilities and responsibilities under the agreement.

- (c) Guarantees from Grindrod Shipping Pte Ltd for shipbuilding contracts in the subsidiaries owned by the joint venture, IVS Bulk Pte Ltd:

The Group has provided guarantees for the performance of the subsidiaries owned by the joint venture for their liabilities and responsibilities under the shipbuilding contracts, amounting to 2016: US\$13,118,000 (2015: US\$61,171,000). The guarantees expired on the delivery of the last vessel in January 2017. Note 38 provides further details of the remaining commitments.

- (d) Financial support from the Grindrod Shipping Pte Ltd and its subsidiaries to its joint ventures:

At 31 December 2017, the Group has provided financial support to joint ventures of US\$63,222,000 (2016: US\$5,292,000 2015: US\$4,469,000), to enable the companies to meet its obligations as and when they fall due for at least 12 months from the date of signing of their respective financial statements for the Financial Year ended 31 December 2016 and 2015.

- (e) Guarantees from Grindrod Shipping Pte. Ltd. for a joint venture loan from a financial institution

Leopard Tanker Pte Ltd (“Leopard Tanker”) entered into a facility agreement with a financial institution for a credit facility of US\$138,500,000. The Group has provided a guarantee of up to 50% of the amount loaned and an undertaking to the lender to ensure a minimum working capital balance of US\$250,000 for each of the vessels held by Leopard Tanker.

At 31 December 2017, the outstanding amount relating to the above loan facility was US\$77,599,000 (2016: US\$85,037,000 and 2015: US\$92,512,000). No provision has been recognised in relation to the guarantee as the management does not view such payout to be probable under IAS 37.

37. LEASES AND SHIP CHARTERS

- (a) As Lessor

The Group has chartered out a number of ships under time charter party agreements which are classified as operating leases. These charters have an average term of one to seven years. Operating lease receipts are recognised in profit or loss during the year as part of revenue.

Note 26 provides details of charter hire income earned during the year.

Future minimum charter receipts receivable under non-cancellable operating leases as at 31 December are as follows:

Chartered to third parties

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Within 1 year	5,183	5,183	3,755
Between two to five years	7,250	12,418	3,835
After five years	–	–	–
	<u>12,433</u>	<u>17,601</u>	<u>7,590</u>

(b) As Lessee

The Group has entered into time charter party agreements, classified as operating leases, to charter ships. These charters have terms of five to 10 years with renewal options included in the contracts. Operating lease payments are recognised in profit or loss during the year as part of voyage expenses (classified into 'cost of sales').

Future minimum lease payments payable under the non-cancellable operating leases as at 31 December are as follows:

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Within 1 year	70,027	69,011	69,872
Between two to five years	79,061	117,479	139,456
After five years	6,171	15,984	31,457
	<u>155,259</u>	<u>202,474</u>	<u>240,785</u>
	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Minimum lease payments under operating leases recognised as an expense in the year	<u>136,691</u>	<u>123,089</u>	<u>150,351</u>
Office leases			
Within 1 year	838	766	600
Between two to five years	739	1,296	381
After 5 years	–	–	–
	<u>1,577</u>	<u>2,062</u>	<u>981</u>
Residential property leases			
Within 1 year	236	269	286
Between two to five years	86	48	91
	<u>322</u>	<u>317</u>	<u>377</u>
Other leases			
Within one year	1	5	5
Between two to five years	–	1	1
	<u>1</u>	<u>6</u>	<u>6</u>

The Group has entered into 3 (2016: 3 2015: 3) office leases which have a remaining non-cancellable lease term ranging from 3 to 20 months (2016: 3 to 33 months, 2015: 2 to 45 months).

The Group has entered into 8 (2016: 8 , 2015: 8) residential property leases which have a remaining non-cancellable lease term ranging from 12 days to 21 months (2016: 2 to 16 months 2015: 1 to 20 months, respectively). 3 (2016: 3, 2015: 3) of the residential leases are for Directors' accommodation (Note 5).

38. COMMITMENTS

A joint venture within the Group has entered into shipbuilding contracts for the delivery of 1 (2015: 4) bulk carriers during the 2016 Financial Year. Under the terms of the agreements, the Group has committed to payments for these ships under construction. The following has been authorised:

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Due within one year	<u>–</u>	<u>4,555</u>	<u>27,280</u>

The expenditure will be financed out of cash resources from operations and bank loans.

39. ACQUISITIONS

Acquisition of assets: Grindrod Maritime LLC

On 3 August 2015, the Group entered into a Sale and Purchase Agreement with a third party for the acquisition of the share capital of Grindrod Maritime LLC (formerly known as "York Maritime Holdings V. LLC"), incorporated in the Marshall Islands, for a purchase consideration of US\$12,250,000. The purchase was completed on 6 August 2015.

The assets purchased comprised ship construction in progress. The construction of the asset was completed and delivered on 29 March 2016.

This transaction was determined by management to be in substance, an acquisition of the underlying assets owned by the subsidiary rather than a business combination as defined in IFRS 3 *Business Combinations*.

40. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon, during the current and prior reporting periods:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Deferred taxation analysed by major category:			
Capital allowances	184	838	407
Other timing differences	995	(1,270)	521
Unutilised tax losses	–	–	897
	<u>1,179</u>	<u>(432)</u>	<u>1,825</u>
Reconciliation of deferred taxation:			
Opening balance	(433)	1,825	4,521
Charge to profit or loss for the year (Note 34)	1,538	(2,342)	(1,472)
Exchange differences	74	85	(1,224)
Closing balance	<u>1,179</u>	<u>(432)</u>	<u>1,825</u>
Comprising:			
Deferred taxation assets	1,179	562	3,056
Deferred taxation liabilities	–	(994)	(1,231)
	<u>1,179</u>	<u>(432)</u>	<u>1,825</u>

Deferred taxation assets on unutilised tax losses have been utilised in the current year.

41. RETIREMENT BENEFIT OBLIGATION

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. In prior periods, the Group undertook to offer pensioners a voluntary benefit in lieu of their current medical subsidy in order to close out the liability on the statement of financial position. The proposed offer had three options, namely an annuity offer, a cash offer or to remain in the scheme.

A number of employees chose the annuity and cash offer. The provision has been calculated on the remaining individuals in the scheme.

The risks typically faced by the Group as a result of the post-retirement medical aid are risks relating to inflation, longevity, future changes in legislation, future changes in tax environment, perceived inequality by non-eligible employees, administration of fund and enforcement of eligibility criteria and rules.

During November 2016, a valuation was performed by Alexander Forbes. Apart from paying costs of entitlement, the Group is not liable to pay additional contributions in the case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore solvency.

The amounts recognised in the combined financial statements in this respect are as follows:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Recognised liability at beginning of the year	2,065	1,972	2,625
Recognised in profit or loss in the current year	63	170	62
Interest on obligation	45	192	198
Current service cost	43	–	2
Other	(25)	(22)	(138)
Recognised in other comprehensive income in the current year	52	(77)	(715)
Actuarial gains	(157)	(339)	(30)
Translation	209	262	(685)
Present value of unfunded obligation recognised as a liability at end of year	<u>2,180</u>	<u>2,065</u>	<u>1,972</u>
Less: current portion	–	–	–
Long term portion	<u>2,180</u>	<u>2,065</u>	<u>1,972</u>

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

Health care cost inflation rate (p.a.)	9.1%	9.4%	9.3%
Discount rate (p.a.)	10.5%	10.0%	9.5%
Continuation at retirement	79.5%	84.0%	75.0%

The effect of an increase or decrease of 1% in the assumed medical cost trend rates are as follows:

	Effect of a 1%	
	Increase	(Decrease)
Aggregate of the current service cost and interest cost	10.7%	(9.1%)
Accrued liability at year-end	10.2%	(8.8%)

The sensitivity analysis presented above may not be representative of the actual change in the obligation as it is unlikely that the above change in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from the previous years. The average duration of the benefit obligation as at 31 December 2017 is 13 years.

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Present value of funded obligations	-	-	-
Fair value of plan assets	-	-	-
Present value of unfunded obligations	2,180	2,065	1,947
Present value of obligations in excess of plan assets	2,180	2,065	1,947

42. GOING CONCERN

The historical combined financial information presented has been prepared on the assumption that the Group as a whole will continue to operate as a going concern. The Board of Directors has no reason to believe that the Group will not continue to operate as a going concern.

43. EVENTS AFTER THE REPORTING PERIOD

- (a) On 1 January 2018, Ocean Africa Container Lines a division of GSSA was sold for US\$20,985,000 million. A capital loss is expected to be generated and therefore no Capital Gains Tax is expected to be paid.
- (b) On the 1 January 2018, Unicorn Bunker Services was sold for US\$15,496,000. A net capital gains tax of US\$1,229,000 (after offsetting the capital loss from the sale of Ocean Africa Container Lines above against the capital gain from the sale of Unicorn Bunker Services) calculated on the South African Corporate Gain Tax rate of 80% of 28% (calculated as 22.4%) on the taxable profit generated from the sale.

44. EARNINGS AND HEADLINE EARNINGS

	2017	2016	2015
	US\$'000	US\$'000	US\$'000
Headline earnings reconciliation:			
Loss attributable to ordinary shareholders	(62,385)	(50,309)	(97,120)
Adjusted for:			
Impairment loss of ships	16,503	12,625	67,800
Impairment loss of intangible assets	3,636	-	-
Impairment loss of goodwill	8,483	-	-
Profit or loss on sale of Ships, property, plant and equipment	(5)	-	-
Tax on intangible asset adjustment	(1,018)	-	-
Joint venture impairment of ships	15,677	-	25,017
Headline Loss	(19,109)	(37,684)	(4,303)

Earnings and headline earnings per share together with diluted earnings and headline earnings per share have not been calculated as per the basis of preparation note.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF GRINDROD SHIPPING

The Directors
Grindrod Shipping Holdings Ltd.
200 Cantonment Road
#03-01 Southpoint
Singapore 089763

25 April 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE PRE-LISTING STATEMENT

Introduction

We have audited the combined historical financial information of Grindrod Shipping (South Africa) Pty Ltd (excluding Unicorn Bunker Services and Ocean Africa Container Lines (a division of Grindrod Shipping South Africa Pty Ltd)) (the Group) in respect of the years ended 31 December 2017, 31 December 2016 and 31 December 2015 set out in **Annexure 1**.

Historical financial information for the year ended 31 December 2017

Opinion

The historical financial information in respect of the years ended 31 December 2017, 31 December 2016 and 31 December 2015 comprises the combined statements of financial position as at the year-end date, and the combined statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The historical financial information was prepared in accordance with the requirements of the JSE Listings Requirements. The JSE Listings Requirements require the historical financial information to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In our opinion, the historical financial information in respect of the years ended 31 December 2017, 31 December 2016 and 31 December 2015 fairly presents, in all material respects, in accordance with the requirements of the International Financial Reporting Standards and the JSE Listings Requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the historical financial information section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Historical Financial Information for the year ended 31 December 2017. These matters were addressed in the context of our audit of the Historical Financial Information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
------------------	---

Valuation of ships

The Ship carrying values amount to \$232 million (2016:\$273 million) (2015:\$274 million) in the combined financial information at year-end and comprises 48%, (2016: 48%) and (2015: 49%) of the total assets of the Group. Impairments of \$13 million (2016: \$12 million) and (2015: \$67.8 million) have been recorded through profit and loss.

As required by IAS 36 Impairment of Assets (IAS 36), the Directors conduct annual impairment tests to assess the valuation of the ships. The impairment assessment is performed using a value in use model as well as comparisons to traded market values. A number of key judgements are made in determining the inputs into these models which include:

- Charter in and freight market rates;
- Operating margins;
- Residual value of the ships; and
- The discount rates applied to the projected future cash flows. As a result of the sensitivity of the key judgements made, the impairment test of ships is considered to be a key audit matter.

Ships are disclosed in note 13 (Ships, property, plant and equipment) of the combined historical financial information.

Our audit procedures included:

- Critically evaluating whether the model used by the Directors to calculate the value in use of the individual cash-generating units complies with the requirements of IAS 36.
- Ensuring that the method and judgements used are consistently applied from year to year or, where not so, are appropriate in the circumstances.
- Engaging our internal specialists to assist with validating the judgements used to calculate the discount rates and recalculating these rates.
- Analysing the future charter in and freight market rates used in the models against published charter in and freight market rate forecasts to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance.
- Retrospective analysis of the Directors' historical judgements in respect of future charter in and freight market rates, operating margins and residual values against current performance.
- Subjecting the key judgements to sensitivity analyses.

We found that the judgements used by the Directors were comparable with historical performance and the expected future performance and the discount rates used were appropriate in the circumstances. We consider the disclosure of the ships to be appropriate.

Valuation of goodwill

Goodwill amounts to \$8 million (2016:\$16 million) (2015: \$14 million) in the combined financial information at year-end and comprises 1%, (2016: 3%) and (2015: 3%) of the total assets of the Group. These assets have been recognised in the combined historical statement of financial position largely as a consequence of business combinations.

As required by IAS 36 Impairment of Assets, the Directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill which is assessed for impairment when the indicators as defined in IAS 36 exist. The impairment assessments are performed using discounted cash flow models. In the current year, given the tough Tankers market and changes in the business indicators existed and an impairment assessment was performed. As a result of the assessment performed an impairment of \$8.4 million was recognised in the statement of profit or loss and other comprehensive income.

There were a number of key judgements made in determining the inputs into these models which included:

- Operating margins and future cash flows.

As a result of the key sensitive judgements made, the valuation of goodwill is considered to be a key audit matter.

Goodwill is disclosed in note 17 of the combined financial statements.

Our procedures included:

- Testing the entity's relevant controls relating to the preparation of the cash flow forecasts;
- Testing the inputs into the cash flow forecast against historical performance and compared to the Directors' strategic plans in respect of each cash-generating unit;
- Re-computing the value in use of each cash-generating unit;
- Engaged with internal specialists to validate the key assumptions used in determining the discount rate; and
- Subjecting the key judgements to a sensitivity analyses.

We found that the assumptions used by the Directors were comparable with historical performance and the expected future

- performance and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill to be appropriate.

Emphasis of Matter – Basis of Accounting

We emphasise that the historical financial information for years ended 31 December 2017 is prepared in accordance with the basis of preparation as disclosed in note 2.2 of the historical financial information, which are designed to meet the information needs of the company and the JSE Limited. As a result, the historical financial information may not be suitable for another purpose. We also draw attention to the fact that these combined historical financial information has been prepared specifically to meet the requirements of the JSE Listings Requirements in respect of this Pre-listing Statement

Directors' Responsibility for the Historical Financial Information for the years ended 31 December 2017, 31 December 2016 and 31 December 2015

The company's Directors are responsible for the preparation of the historical financial information, for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 accordance with the requirements of the JSE Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the historical financial information in respect of each annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS),

the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In preparing the historical financial information, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the audit of the historical financial information for the years ended 31 December 2017, 31 December 2016 and 31 December 2015

Our objectives are to obtain reasonable assurance that the historical financial information for the year ended 31 December 2017 is prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Consent

We consent to the inclusion of this report, which will form part of the pre-listing statement to the shareholders of the Group to be issued on or about 7 May 2018, in the form and context in which it appears.

Deloitte & Touche

Registered Auditor

Per: Kim Peddie

Partner

25 April 2018

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

PRO FORMA FINANCIAL INFORMATION

Pro Forma Financial Information

As described above, Grindrod Limited will sell all of the shares it holds in GSPL, and GSSA, to Grindrod Shipping (formerly Grindrod Shipping Holdings Pte. Ltd.), a newly formed entity incorporated on November 2, 2017 in accordance with the laws of the Republic of Singapore, created to hold Parent's shipping business.

The combined financial statements GSPL and GSSA (excluding the subsidiary Unicorn Bunker Services and the division Ocean Africa Container Lines), included elsewhere, have been prepared on a stand-alone basis and are derived from combining the financial statements of GSPL and GSSA (excluding the subsidiary Unicorn Bunker Services and the division Ocean Africa Container Lines (OACL)), that we will acquire immediately prior to the Spin-Off, and their respective underlying accounting records. In addition, the combined financial statements GSPL and GSSA (excluding the subsidiary Unicorn Bunker Services and the division Ocean Africa Container Lines) include components of Parent's shipping business (namely OACL and Unicorn Bunker Services) which will not be transferred to us in the Spin-Off. We disposed of OACL and Unicorn Bunker Services to another Parent subsidiary (Grindrod South Africa Pty Ltd) on the January 1, 2018 and such businesses will not be part of our results of operations thereafter. The disposal of OACL and Unicorn Bunker Services are referred to as the "Pro Forma Transactions".

The *pro forma* condensed statement of profit or loss has been adjusted to give effect to the *Pro Forma* Transactions as if they had occurred or became effective as of January 1, 2017. The *pro forma* condensed statement of financial position has been adjusted to give effect to the *Pro Forma* Transactions as though the *Pro Forma* Transactions had occurred as of December 31, 2017.

The *pro forma* condensed financial information included in this Pre-Listing Statement has been derived from the historical combined financial statements of GSPL and GSSA (excluding the subsidiary Unicorn Bunker Services and the division of Ocean Africa Container Lines), including the audited combined statement of profit or loss for the year ended December 31, 2017 and the audited combined statement of financial position as of December 31, 2017, which are included elsewhere in this Pre-Listing Statement. The *pro forma* condensed financial information do not purport to represent what our financial position and results of operations would have been had the Spin-off occurred on the dates indicated or to project our financial performance for any future period. In addition, the *pro forma* condensed financial information is provided for illustrative and informational purposes only and are not necessarily indicative of our future results of operations or financial condition as a separate, stand-alone public company. The *pro forma* adjustments are based upon available information and certain assumptions that we believe are reasonable and supportable, but actual results may differ from the *pro forma* adjustments.

The Directors are responsible for the preparation of the *pro forma* financial information.

The assumptions and estimates underlying the adjustments to the *pro forma* condensed financial statements are described in the accompanying notes, which should be read together with the *pro forma* condensed financial statements and the reporting accountant's report thereon.

The audited incorporation financial statements of Grindrod Shipping Holdings Pte. Ltd. as at 2 November 2017, the combined historical financial information of GSPL and GSSA, and the financial statements of Unicorn Bunker Services and the division of Ocean Africa Container Lines for the year ended 31 December 2017 have been audited by Deloitte who have issued unmodified audit opinions thereon.

Transaction costs are translated in the income statement at the average rate of R13.36 to US\$1. The sale transactions are converted at R12.39 to US\$1 which is the rate on the effective date of 1 January 2017. All other transactions in the balance sheet are translated at the closing rate as at 31 December 2017 of R12.39 to US\$1.

The rules and regulations related to the preparation of *pro forma* financial information in other jurisdictions may vary significantly from the requirements applicable in South Africa.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied by Grindrod Limited and the Revised SAICA Guide on *Pro Forma* Financial Information and the Listings Requirements on the JSE.

GRINDROD SHIPPING HOLDINGS LTD.
PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Financial Year ended December 31, 2017

	Grindrod Shipping Holdings Pte. Ltd. ⁽²⁾	Combined Historical of GSPL and GSSA ⁽³⁾	Adjustment for disposal of OACL	Adjustment for disposal of Unicorn Bunker Services	Adjustment for transaction costs	Pro Forma
US\$'000						
Revenue	-	355,035	-	-	-	355,035
Cost of sales	-	(348,579)	-	-	-	(348,579)
Gross profit (loss)	-	6,456	-	-	-	6,456
Other operating income	-	3,395	-	8,790 ⁽⁶⁾	-	12,185
Administrative expenses	-	(25,143)	-	-	(3,568) ⁽⁸⁾	(28,711)
Share of loss of joint ventures	-	(12,946)	-	-	-	(12,946)
Interest income	-	5,263	-	-	-	5,263
Interest expense	-	(6,169)	-	-	-	(6,169)
Other operating expenses	-	(33,557)	(1,291) ⁽⁴⁾	-	-	(34,848)
Loss before taxation	-	(62,701)	(1,291)	8,790	(3,568)	(58,770)
Taxation	-	316	-	(1,230) ⁽⁷⁾	-	(914)
Loss for the year	-	(62,385)	(1,291)	7,560	(3,568)	(59,684)
Earnings and diluted earnings per share (cents)	-	(327)	-	-	-	(313)
Headline earnings per share (cents)	-	(100)	-	-	-	(86)
Number of shares in issue	19,063,832 ⁽¹⁰⁾	19,063,832 ⁽¹⁰⁾	-	-	-	19,063,832 ⁽¹⁰⁾
Reconciliation between Earnings and headline earnings:						
Loss attributable to ordinary shareholders	-	(62,385)	(1,291)	7,560	(3,568)	(59,684)
Adjusted for:	-	16,503	-	-	-	16,503
Impairment loss of ships	-	3,636	-	-	-	3,636
Impairment loss of ships	-	8,483	-	-	-	8,483
Tax on intangible asset adjustment	-	(1,018)	-	-	-	(1,018)
Joint venture impairment loss on ships	-	15,677	-	-	-	15,677
	-	(19,104)	(1,291)	7,560	(3,568)	(16,403)

GRINDROD SHIPPING HOLDINGS LTD.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	Grindrod Shipping Holdings Pte. Ltd. ⁽²⁾	Historical combined GSPL and GSSA ⁽³⁾	Adjustments for disposal of OACL	Adjustments for disposal of Unicorn Bunker Services	Adjustment for trans- action costs	Acquisition of GSPL and GSSA ⁽¹⁰⁾	<i>Pro Forma</i>
US\$'000							
ASSETS							
Current assets							
Cash and bank balances	*	46,521	20,985 ⁽⁴⁾ (8,878)	12,268 ⁽⁶⁾ (1,230) ⁽⁷⁾	(3,848) ⁽⁸⁾		65,818
Trade receivables	-	13,399	-	-	-		13,399
Other receivables and prepayments	-	17,187	-	-	-		17,187
Due from related parties	-	52,505	(22,276) ⁽⁴⁾	-	-		30,229
Loans to joint ventures	-	18,180	-	-	-		18,180
Derivative financial instruments	-	123	-	-	-		123
Inventories	-	9,078	-	-	-		9,078
Current tax assets	-	761	-	-	-		761
Total current assets	*	157,754	(10,169)	11,038	(3,848)		154,775
Non-current assets							
Other receivables and prepayments	-	72	-	-	-		72
Loans to joint venture	-	7,301	-	-	-		7,301
Ships, property, plant and equipment	-	238,591	-	-	-		238,591
Interest in subsidiaries	-	6,399	-	(6,399) ⁽⁶⁾	-		-
Interest in joint ventures	-	64,296	-	-	-		64,296
Intangible assets	-	61	-	-	-		61
Goodwill	-	8,420	-	-	-		8,420
Deferred tax assets	-	1,179	-	-	-		1,179
Total non-current assets	-	326,319	-	(6,399)	-		319,920
Total assets	*	484,073	(10,169)	4,639	(3,848)		474,695
LIABILITIES AND EQUITY							
Current liabilities							
Bank loans	-	87,964	-	-	-		87,964
Trade and other payables	-	28,354	-	-	-		28,354
Provisions	-	1,271	-	-	-		1,271
Due to related parties	-	20,161	(8,878)	(3,228) ⁽⁶⁾	-		8,055
Derivative financial instruments	-	138	-	-	-		138
Bank Overdraft	-	4,028	-	-	-		4,028
Income tax payable	-	331	-	-	-		331
Total current liabilities	-	142,247	(8,878)	(3,228)	-		130,141
Non-current liabilities							
Bank loans	-	20,790	-	-	-		20,790
Retirement benefit obligations	-	2,180	-	-	-		2,180
Trade and other payables	-	1,168	-	-	-		1,168
Total non-current liabilities	-	24,138	-	-	-		24,138

GRINDROD SHIPPING HOLDINGS LTD.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	Grindrod Shipping Holdings Pte. Ltd. ⁽²⁾	Historical combined GSPL and GSSA ⁽³⁾	Adjustments for disposal of OACL	Adjustments for disposal of Unicorn Bunker Services	Adjustment for transaction costs	Acquisition of GSPL and GSSA ⁽¹⁰⁾	<i>Pro Forma</i>
US\$'000							
Capital and reserves							
Share capital and premium	*	474,101	–	–	–	(153,418)	320,683
Share option reserve	–	(746)	–	–	–	746	–
Hedging reserve	–	(15)	–	–	–	15	–
Translation reserve	–	2,194	–	–	–	(2,194)	–
Non Distributable reserve	–	50	–	–	–	(317)	(267)
Accumulated losses	–	(157,896)	(1,291) ⁽⁴⁾	9,097 ⁽⁶⁾ (1,230) ⁽⁷⁾	(3,848) ⁽⁸⁾	155,168	–
Total equity	*	317,687	(1,291)	7,867	(3,848)	–	320,416
Total equity and liabilities	*	484,073	(10,169)	4,639	(3,848)	–	474,695
Tangible net asset value per share (cents)		1,616					1,630
Net asset value per share (cents)		1,666					1,681
Number of shares		19,063,832 ⁽¹¹⁾					19,063,832 ⁽¹¹⁾

* – less than US\$1,000

NOTES TO THE PRO FORMA CONSOLIDATED COMBINED FINANCIAL INFORMATION

For the year ended December 31, 2017

Basis of presentation

- Our *pro forma* condensed financial information has been prepared to reflect adjustments to our historical annual combined financial statements that are (1) directly attributable to the *Pro Forma* Transactions; (2) factually supportable; and (3) with respect to the *pro forma* condensed combined statement of operations, expected to have a continuing impact on our results of operations, except for transaction costs, the loss on disposal of OACL and the profit on disposal of Unicorn Bunker Services which are once-off.
- Grindrod Shipping Holdings Pte. Ltd. was incorporated under the laws of the Republic of Singapore on 2 November 2017 as the holding company for the shipping business to be spun off by Grindrod Limited. On 25 April 2018, Grindrod Shipping Holdings Pte. Ltd. was converted from a private company to a public company and changed its name to Grindrod Shipping Holdings Ltd.. Grindrod Shipping has no operations.
- The combined financial statements of GSPL and GSSA (excluding the subsidiary Unicorn Bunker Services and the division OACL), including the audited combined statement of profit or loss for the year ended December 31, 2017 and the audited combined statement of financial position as of December 31, 2017 form the basis of the *pro forma*. The historical combined financial statements are included in **Annexure 1** of the Form 20-F and have been audited by Deloitte & Touche.

Adjustments for disposal of OACL

- OACL was set up as a division within GSSA in 2014. On 1 January 2018, GSSA entered into a sales agreement with Grindrod South Africa Pty Ltd (a subsidiary of the Grindrod Limited Group) for a cash consideration of US\$21.0 million. This resulted in an adjustment on the *pro forma* whereby the original investment in OACL of US\$22.3 million as at 31 December 2016 was sold for US\$21.0 million and has been eliminated as at January 1, 2017 being the disposal date from the balance due from related parties. US\$8.9 million will be used to settle the group intercompany loans. The results of this division are not included in combined financial statements of GSPL and GSSA however the sale transaction was included in the proforma to illustrate the flow of cash into GSSA as a result of the transaction. The loss of US\$1.3 million has been taken to retained earnings. Grindrod shipping is yet to receive the proceeds from disposal as at date of filing.
- We expect to generate a capital loss calculated on the South African Capital Gain Tax of US\$6.2 million which will be used to offset the capital gain raised on the sale of Unicorn Bunker Services.

Adjustments for disposal of Unicorn Bunker Services

- 6) GSSA completed the sale of Unicorn Bunker Services to Grindrod South Africa Pty Ltd on the 1 January 2018 for a cash consideration of US\$12.3 million and the release of a group loan of US\$3.2 million. The business does not form part of the results following the disposal. The results of this subsidiary are not included in the combined financial statements of GSPL and GSSA. In this entry, the investment held in GSSA of US\$6.4 million, will be sold for a total consideration of US\$15.5 million realising a profit of US\$9.1 million (made up of profit on sale of US\$5.9 and release of a loan obligation of US\$3.2). Further revenue will be lost to the group in the form of the management fee that GSSA will no longer receive from this subsidiary of US\$0.3 million. The net impact to the income statement is US\$8.8 million being the profit on sale less the loss of revenue. The results of this subsidiary are not included in combined financial statements of GSPL and GSSA however the sale transaction was included in the proforma to remove the investment that GSSA holds in the subsidiary and to illustrate the flow of cash into GSSA as a result of the transaction. The consideration receivable will remain as an outstanding interest free intercompany loan until Grindrod (South Africa) Pty Ltd sell Unicorn Bunker Services to a third party.
- 7) We expect to incur a net capital gains tax of US\$ 1.2 million (after offsetting the capital loss from point 4 against the capital gain generated from point 5) calculated on the South African Corporate Gain Tax rate of 80% of 28% (calculated as 22.4%) on the taxable profit generated from the sale for the purpose of this *pro forma*.

Transaction Costs

- 8) Transaction costs of approximately US\$3.6 million for income statement purposes at an exchange rate of R13.36 to US\$1 and US\$3.8 million for balance sheet purposes at an exchange rate of R12.39 to US\$1 are expected to be incurred on the project to list the entity internationally with a secondary listing on the JSE. These costs are combination of professional fees, sponsor fees, legal fees and audit fees. These are a once off expense that will be expensed in the period incurred. US\$2.6 million have already been incurred to date.

Adjustments for management of the business

- 9) We anticipate that the costs of the transitional agreements will be in line with the existing management fees paid to the Grindrod Limited Group on an arm's length basis. No material adjustments are expected between the existing agreements and the transitional agreements.

Spin-off transaction

- 10) The acquisition of the Grindrod Shipping Group by Grindrod Shipping meets the definition of a common control transaction as the shareholders of Grindrod Shipping will be the same as the shareholders of Grindrod Limited (the current parent company of the Shipping Group) before and after the combination, and that control is not transitory. The following principles of US GAAP have been applied to the transfer of assets between entities under common control, whereby the entity that receives the net assets or the equity interests (Grindrod Shipping) shall initially measure the recognised assets and liabilities transferred at their carrying amounts from the transferring entity (Grindrod Shipping Group).
- 11) Any difference between any proceeds transferred and the carrying amounts of the net assets received is recognised in a non-distributable reserve.
- 12) The number of shares has been calculated based on the valuation of the businesses at the time of sale per the sale agreements of US\$320,683,000 and the indicative value of Grindrod Shipping shares of US\$16.82

There are no other post balance sheet events which require any adjustment to the *pro forma* financial information.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF GRINDROD SHIPPING

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A PRE-LISTING STATEMENT

To the Directors of Grindrod Shipping Holdings Ltd.
200 Cantonment Road
#03-01 Southpoint
Singapore 089763

Dear Sirs

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Grindrod Shipping Ltd. by the Directors. The *pro forma* financial information, as set out in Annexure 3 of the *Pre-Listing Statement*, to be dated on or about 7 May 2018, consists of the condensed statement of financial position, condensed statement of profit and loss and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate action or event, described in the introduction section of the pre-listing statement, on the *Group's consolidated financial position* as at 31 December 2017, and the *Group's financial performance* for the period then ended, as if the corporate action or event had taken place at 1 January 2017, and for the period then ended. As part of this process, information about the *Group's financial position* and *financial performance* has been extracted by the Directors from the *Group's financial statements* for the period ended 31 December 2017, on which an *auditor's report* was issued on 25 April 2018 and contained an unmodified opinion.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 3 of the *Pre-Listing Statement*.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus which is applicable to an engagement of this nature*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 3.

Deloitte & Touche

Registered Auditor

Per: Kim Peddie

Partner

25 April 2018

2 Pencarrow Crescent

Pencarrow Park

La Lucia Ridge Office Estate

Durban

4051

South Africa

PARTICULARS OF REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY AND ITS MAJOR SUBSIDIARY

Compensation of Directors and Senior Management of the Company

Messrs. Wade and Griffiths received compensation from Parent's shipping business during 2017 for their service to Parent's shipping business as its Chief Executive Officer and Chief Financial Officer, respectively. Following the Spin-Off, we will not be required to disclose any information about an individual Senior Management's compensation in our home country and we do not intend to disclose, to our shareholders or otherwise, any information about an individual Senior Management's compensation going forward, unless Grindrod Shipping's shareholders exercise their power in accordance with the relevant provisions of the Singapore Companies Act to require disclosure of Directors' emoluments.

In addition, Executive Officers are eligible for variable compensation under our forfeitable share plan for achieving companywide objectives and for their individual contribution to our results and objectives. A summary of the forfeitable share plan is below. The following description is only a summary of the material provisions of the forfeitable share plan and is governed in its entirety by the forfeitable share plan.

We adopted the forfeitable share plan to provide selected employees with the opportunity to receive compensatory equity awards of our ordinary shares and to serve as a retention mechanism and recruitment tool. The forfeitable share plan also provides participants with the opportunity to share in the success of the company and aligns forfeitable share plan participant interests with the interests of our shareholders. The forfeitable share plan will be administered by the compensation and nomination committee. Participants will receive grants of forfeitable ordinary shares, subject to applicable time and or performance vesting conditions and other terms, that settle in ordinary shares when vested and are forfeited, in part in or in full, upon certain termination of employment events if not previously vested. Under the terms of the forfeitable share plan, the aggregate number of ordinary shares that may be granted and not yet vested under the forfeitable share plan at any one time shall not exceed 5% of the number of shares in issue (excluding treasury shares) as determined in reference to the day preceding the award.

We will obtain shareholder approval annually to authorize the award and the issuance of ordinary shares under the plan. We have obtained such approval until the conclusion of our first annual general meeting.

The non-executive Director who serves as chairman of the Board of Directors will be compensated with an annual fee of US\$ 150 000, each other non-executive director will be compensated with an annual fee of US\$ 65 000 for his or her services as one of our Directors. Each non-executive director will be compensated with an additional annual fee of US\$ 10 000 per committee for his or her services as an ordinary member of any of the board committees, whilst the chairman of a board committee will be compensated with an annual fee of US\$ 20 000 per board committee that he or she chairs, instead of and not in addition to the US\$ 10 000 annual remuneration paid to ordinary members of board committees.

No activities are performed by the Directors and/or Senior Management of the Company outside of the Company that are significant to the Company.

Directors of the Company

Names and age	Nationality	Business address	Occupation and/or function within the Company
Cato Brahde 63	Norwegian	c/o MS Nominees Pte. Ltd., 10 Anson Road, #32-15 International Plaza, Singapore, 079903	Independent Non-Executive Director, Chairman
John Herholdt 69	South African/ British	c/o MS Nominees Pte. Ltd., 10 Anson Road, #32-15 International Plaza, Singapore, 079903	Independent Non-Executive Director
Quah Ban Huat 51	Malaysian	c/o MS Nominees Pte. Ltd., 10 Anson Road, #32-15 International Plaza, Singapore, 079903	Independent Non-Executive Director
Martyn Wade 59	British	200 Cantonment Road, #03-01 Southpoint, Singapore 089763	Executive Director, Chief Executive Officer
Stephen Griffiths 57	South African	200 Cantonment Road, #03-01 Southpoint, Singapore 089763	Executive Director, Chief Financial Officer

Senior Management of the Company

Names and age	Nationality	Business address	Occupation and/or function within the Company
Martyn Wade 59	British	200 Cantonment Road, #03-01 Southpoint, Singapore 089763	Chief Executive Officer
Stephen Griffiths 57	South African	200 Cantonment Road, #03-01 Southpoint, Singapore 089763	Chief Financial Officer

No activities are performed by the Directors and/or Senior Management of the GSHL Group outside of the GSHL Group that are significant with respect of the GSHL Group.

Service contracts of Directors and Senior Management of the Company

The material terms of the service agreements with the Executive Directors who are the Senior Management of the Company are set out below. These agreements are generally in accordance with market standards and are terminable on notice. The non-executive Directors have no fixed term of appointment except as rotation of Directors is required by the Constitution.

Executive Directors

The written executive service agreement with the executive Directors records their terms of service with the Company. The material terms of the service agreements are set out below. These agreements are generally in accordance with market standards.

In terms of their respective service agreements, each Executive Director is entitled to (i) a base salary (ii) travel allowance and (iii) incentives scheme/share schemes/ bonuses. For details of remuneration paid to Executive Directors for the Financial Year ended December 2017 see page 117 of this Pre-Listing Statement.

The executive service agreement provides that the agreement will terminate automatically and without notice when the executive reaches the compulsory retirement age of 63 years old; or if the Company or executive terminate this agreement and employment relationship by way of notice, which notice shall not be less than 3 (three) months written notice.

It should be noted that no restraint of trade payments have been paid or are payable to any of the Directors.

Name	Position	Date of appointment to current role	Notice period	Restraint of trade
Cato Brahde	Non- Executive Director, Chairman	6 November 2017	None	None
John Herholdt	Non-Executive Director	6 November 2017	None	None
Martyn Wade	Chief Executive Officer and Executive Director	15 November 2017	3 months	None
Quah Ban Huat	Non-Executive Director	2 November 2017	None	None
Stephen Griffiths	Chief Financial Officer and Executive Director.	7 November 2017	3 months	None

None of the Executive Directors of the Company received any compensation from the Company in the Financial Year ended 31 December 2017.

Martyn Wade and Stephen Griffiths were Senior Managers during the Financial Year ended 31 December 2017 and were Executive Directors for Financial Year ended 31 December 2017. Martyn Wade and Stephen Griffiths received no remuneration from the Company for the Financial Year ended 31 December 2017.

Directors' remuneration

The approved annual remuneration payable to each of the Company's non-Executive Directors is set out below:

Non-executive Directors	Directors' fees (US\$)	Audit and Risk Committee (US\$)	Compensation and Nomination Committee (US\$)	Chairperson's fees (US\$)	Total
Cato Brahde	0	0	0	150,000	150,000
John Herholdt	65,000	10,000	20,000	0	95,000
Quah Ban Huat	65,000	20,000	10,000	0	95,000

The contracted annual remuneration payable to the Company's Executive Directors is set out below:

Name	Directors' fees	Basic Salary ¹	Bonuses and performance related payment ²	Sums paid by way of expense allowance	Other material benefits	Contributions to pension schemes	Total
Martyn Wade	None.	SGD 791 040	SGD 307 200	SGD 132 000	None.	None.	SGD 1 230 240
Stephen Griffiths	None.	ZAR 2 222 987	ZAR 406 723	None.	None.	ZAR 471 545	ZAR 3 101 265

¹ The Company does not make a contribution directly to a medical aid, this, is included in the salary amount.

² Based on 2017 financial results.

There are no other amounts paid or agreed to be paid in the three years preceding the Last Practicable Date to any director, or to any company or other legal entity which a director is beneficially interested (directly or indirectly) or a director of, in cash, securities or otherwise, in order to induce them to become or qualify as a director of the Company, or otherwise for services rendered in connection with the formation of the Company.

Compensation of Directors and senior management of GSPL

Directors who are also the senior management of GSPL

Names, age and nationality Nationality	Business address	Occupation and/or function within the Company
Martyn Wade (59), British	200 Cantonment Road, #03-01 Southpoint, Singapore 089763	Chief Executive Officer
Stephen Griffiths (57), South African	200 Cantonment Road, #03-01 Southpoint, Singapore 089763	Chief Financial Officer

The contracted annual remuneration payable to GSPL's Directors and senior management is set out below:

Name	Directors' fees	Basic Salary ¹	Bonuses and performance related payment ²	Sums paid by way of expense allowance	Other material benefits	Contributions to pension schemes	Total
Martyn Wade	None.	SGD 791 040	SGD 307 200	SGD 132 000	None.	None.	SGD 1 230 240
Stephen Griffiths	None.	ZAR 2 222 987	ZAR 406 723	None.	None.	ZAR 471 545	ZAR 3 101 265

¹ The Company does not make a contribution directly to a medical aid, this, is included in the salary amount.

² Based on 2017 financial results.

Service contracts of Directors and senior management of GSPL

The material terms of the service agreements with the executive Directors and senior management are set out below. These agreements are generally in accordance with market standards and are terminable on notice. GSPL has no non-executive Directors.

Executive Directors of GSPL

The written executive service agreement with the executive Directors of GSPL records their terms of service with GSPL. The material terms of the service agreements are set out below. These agreements are generally in accordance with market standards.

In terms of their respective service agreements, each Executive Director is entitled to (i) a base salary (ii) travel allowance and (iii) incentives scheme/share schemes/ bonuses.

The executive service agreement provides that the agreement will terminate automatically and without notice when the executive reaches the compulsory retirement age of 63 years old; or if GSPL or the executive terminates the agreement and employment relationship by way of notice, which notice shall not be less than 3 (three) months written notice.

It should be noted that no restraint of trade payments have been paid or are payable to any of the GSPL Directors.

Other directorships and partnerships held by the Directors and senior management of the Company during the previous five years:

Name	Position	Company/Partnership	Position still held (yes/no)
Cato Brahde	Director	ACS Shipping Pte. Ltd.	Yes
	Director	Albemarle Shipping Limited	Yes
	Director	AOSC (Sarah Glory) Limited	No
	Director	AOSC II (Marsol) Limited	No
	Director	Atlantic Navigation Limited	No
	Director	Aviation Holdings Limited	No
	Director	Beeston Shipping Limited	Yes
	Director	Cirrus Chartering Limited	Yes
	Director	Cirrus Navigation Limited	Yes
	Director	Copia Nominees Limited	No
	Director	Copia Ventures Limited	No
	Director	Dandelion Shipping Limited	Yes
	Director	Freesia Shipping Limited	No
	Director	Fuchsia Shipping Limited	Yes
	Director	Grindrod Limited	No
	Director	Grindrod Shipping Limited	No
	Director	Harworth Shipping Limited	Yes
	Director	Magnolia Shipping Limited	No
	Director	Marine Services (I.O.M) Limited	Yes
	Director	Marrinagh Nominees Limited	Yes
	Director	Marsol DP2 Shipping Limited	No
	Director and President	Ocean Star Limited	Yes
	Director	Oceanic Asset Backed Finance Limited	No
	Director	Oceanic CF Limited	Yes
	Director	Oceanic Investment Management Limited	Yes
	Director	Oceanic Marine Management Limited	Yes
	Director	Oceanic Small Cap Management Limited	No
	Director	Sarah Glory Shipping Limited	No
	Director	Seaboard Holdings Limited	No
	Director	Stratus Investments Limited	Yes
	Director	Stratus Navigation Limited	Yes
	Director	Tiyaga Shipping Limited	No
	Director	TR Prince Shipping Limited	Yes
Director	TR Princess Shipping Limited	Yes	
Director	Tufton Oceanic (Isle of Man) Limited	Yes	
Director	Tufton Oceanic Finance Group Limited	Yes	
Director	Tufton Oceanic Far East Limited	Yes	
Director	Tufton Oceanic (Singapore) Pte. Ltd.	Yes	
John Herholdt	Director	Rados International Technologies Limited	No
	Director	Rados International Technologies (UK) Limited	Yes
Quah Ban Huat	Director	AP Oil International Limited	Yes
	Non-executive director	Croesus Retail Asset Management Pte. Ltd.	No
	Director	Deutsche Boerse Asia Holding Pte. Ltd.	Yes
	Executive director	Ennea Resources Pte. Ltd.	No
	Director	Eurex Clearing Asia Pte. Ltd.	Yes
	Director	Eurex Exchange Asia Pte. Ltd.	Yes
	Finance Director	IMC Group	No
	Executive director	KPPCS Pte. Ltd.	No
	Consultant	KPMG Corporate Finance	Yes
	Non-executive director	mDR Ltd	No
	Director	Primeur Holdings Pte. Ltd. and its subsidiary	Yes
	Founder and President	PRYME	No
	Director	Samudera Shipping Line Ltd	Yes
	Senior Advisor to Chairman	Sunjoy Group	Yes

Name	Position	Company/Partnership	Position still held (yes/no)
Martyn Wade	Director	Cockett Marine Oil Pte. Ltd. (JV with Vitol BV)	No
	Director	Grindrod Limited	No
	Director	Grindrod Shipping (South Africa) Pty Ltd	Yes
	Director	Grindrod Shipping Pte. Ltd.	Yes
	Director	Grindrod Trading (Asia) Pte. Ltd.	No
	Director	Handyventure Singapore Pte. Ltd.	No
	Director	IM Shipping Pte. Ltd. (JV with Mitsubishi Corporation)	Yes
	Director	Island Bulk Carriers Pte. Ltd. (JV with Rogers Shipping Pte. Ltd.)	Yes
	Director	IVS Bulk Pte. Ltd. (JV with Regiment Capital Ltd & Sankaty European Investments III S.A.R.L)	Yes
	Director	Leopard Tankers Pte. Ltd. (JV with Vitol Shipping Singapore Pte. Ltd.)	Yes
	Director	Petrochemical Shipping Limited (JV with Engen Limited)	Yes
	Director	Sturrock Grindrod Maritime Pte. Ltd.	No
	Director	Tri-View Shipping Pte. Ltd. (JV with Mitsui & Co., Ltd)	Yes
	Director	Unicorn Bunker Services Pty Ltd	No
	Director	United Kingdom Freight Demurrage & Defence Association Limited	Yes
Stephen Griffiths	Director	Grindrod Shipping Pte. Ltd.	Yes
	Director	Grindrod Shipping (South Africa) Pty Ltd	Yes
	Director	Grincor Shipping Holdings Ltd	No
	Director	Unicorn Shipping Holdings Ltd	Yes
	Director	Unicorn Shipping Operations Pty Ltd	No

MATERIAL BORROWINGS, LOANS RECEIVABLE AND INTER-COMPANY LOANS

DETAILS OF MATERIAL BORROWINGS, MATERIAL LOANS RECEIVABLE AND MATERIAL INTER-COMPANY LOANS

The material loans and amounts owing in terms of shareholder loans receivable as at the date of this Pre-Listing Statement are set out in **Annexure C** of the Circular and/or on page 87, F-44 and F-45 of the Form 20-F.

In the second quarter of 2018, Grindrod Shipping expects to refinance the US\$50.0 million, US\$123.0 million and US\$21.0 million credit facilities described in **Annexure C** of the Circular with a new US\$100.0 million senior secured credit facility with Credit Agricole Corporate and Investment Bank, DVB Bank SE Singapore Branch and Standard Chartered Bank, Singapore Branch relating to 11 handysize drybulk carriers and 5 tankers. The new facility is expected to bear interest at LIBOR plus a margin of 2.95% per annum. The facility is available in two tranches (A and B) of up to US\$10 million and up to US\$90 million respectively. Tranche A will mature 4 years after utilization, expected in May 2022, and Tranche B will mature 5 years after utilization, expected in May 2023. The facility is expected to be secured by, among other things, (a) a first priority mortgage over each of the 16 the vessels, each owned by a subsidiary of GSPL, (b) a guarantee from Grindrod Shipping and each of the GSPL subsidiaries owning the 16 vessels, and (c) security over the shares in the GSPL subsidiaries owning the 16 vessels.

In addition, in connection with the Proposed Transaction, Grindrod Shipping are in discussions with lenders to release any guarantees issued by Grindrod to the extent any such loans are guaranteed by Grindrod.

There are no loans made or security furnished by the Company or any of its subsidiaries to any Director or manager or any associate of any Director or manager of the Company.

EXTRACTS FROM THE CONSTITUTION AND THE GSPL CONSTITUTION

EXTRACTS FROM THE CONSTITUTION

Set out below are extracts from the Constitution of the Company relating to the voting rights attaching to the Shares.

Subject to the Constitution and to any special rights or restrictions as to voting attached to any class of shares hereinafter issued every such member shall have one vote for every share of which he is the holder or represents.

Where there are joint registered holders of any share any one of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto and if more than one of such joint holders be so present at any meeting that one of such persons so present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this regulation be deemed joint holders thereof.

A member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity may vote by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney. Provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the registered office of the Company not less than 72 hours before the time appointed for holding the meeting.

Subject to the provisions of the Constitution and the Singapore Companies Act, every member shall be entitled to be present and to vote at any general meeting either personally or by proxy or by attorney or in the case of a corporation by a representative and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.

Subject to applicable laws, the holders of securities, other than ordinary shares, and any special shares created for purpose of black economic empowerment in terms of the Broad-Based Black Economic Empowerment Act No.53 of 2003 of South Africa, ("**Preference Shareholders**") shall not be entitled to vote on any resolution taken by the Company, save in the following instances–

- (a) during any special period, as provided for in paragraph (c) below, during which any dividend, any part of any dividend on such preference shares or any redemption payment thereon remains in arrears and unpaid;
- (b) in regard to any resolution proposed for the winding-up of the Company or the reduction of its capital;
- (c) the period referred to in paragraph (a) above, shall be a period not more than 6 months after the due date of the dividend or redemption payment in question or, where no due date is specified, after the end of the Financial Year of the Company in respect of which such dividend accrued or such redemption payment became due; and
- (d) in regard to any resolution proposed to vary any rights attached to shares held by such Preference Shareholders.

In the instances that the Preference Shareholders are permitted to vote at meetings as set out above, their votes may not carry any special rights or privileges and they shall be entitled to one vote for each share that they hold, provided that their total voting right at such a meeting may not exceed 24.99% of the total voting rights of all shareholders at such meeting.

Set out below are the requisite extracts from the Constitution of the Company.

Number of Directors

Subject to the Singapore Companies Act, the number of Directors, all of whom shall be natural persons, shall not (unless otherwise determined by a general meeting) be less than five nor (unless otherwise determined by a general meeting) more than twelve. The Company may by ordinary resolution from time to time vary the minimum and/or the maximum number of Directors.

Appointment of additional Directors

The Company may by ordinary resolution appoint any person to be a director and the Directors shall have power at any time and from time to time to appoint any person to be a director either to fill a casual vacancy or as an additional director. Without prejudice thereto, the Directors shall have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with the Constitution. Any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Share qualification

A director need not be a member and shall not be required to hold any share qualification unless and until otherwise determined by the Company in general meeting.

Director's remuneration

Subject to the Singapore Companies Act, the remuneration of the Directors shall be determined from time to time by an ordinary resolution passed at a general meeting, and (unless such resolution otherwise provides) shall be divisible among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for the proportion of remuneration related to the period during which he has held office. The remuneration of the Directors shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting.

Appointment of executive Directors

The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of chairman or deputy chairman) on such terms and for such period as they may (subject to the applicable laws) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment. The appointment of any director to the office of chairman or deputy chairman shall automatically determine if he ceases to be a director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

The appointment of any director to any other executive office shall not automatically determine if he ceases from any cause to be a director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Remuneration of executive Directors

Subject to the Singapore Companies Act, the remuneration of a chief executive officer shall from time to time be fixed by the Directors and may, subject to the Constitution, be by way of salary or commission or participation in profits or by any or all of these modes.

Powers of executive Directors

The Directors may entrust to and confer upon any Directors holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers. The Directors may from time to time entrust to and confer upon a chief executive officer for the time being such of the powers exercisable under the Constitution by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Removal of Directors

The Company may in accordance with and subject to the provisions of the Singapore Companies Act by ordinary resolution of which special notice has been given, remove any director from office (notwithstanding any provision of the Constitution or of any agreement between the Company and such director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a director so removed from office. In default of such appointment, the vacancy arising upon the removal of a director from office may be filled as a casual vacancy.

Retirement of Directors in rotation

At the first annual general meeting of the Company all the Directors for the time being, save for any director holding office as chief executive officer or chief financial officer, shall retire from office, and at each subsequent annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation. Provided that no director holding office as chief executive officer or chief financial officer shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire.

Election of Directors

The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election.

Director's interests

Other than the office of auditor, a director may hold any other office or place of profit under the Company and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No director or intending director shall be disqualified by his office from transacting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such transaction or arrangement or any transaction or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested be avoided nor shall any director so transacting or being so interested be liable to account to the Company for any profit realised by any such transaction or arrangement by reason only of such director holding that office or of the fiduciary relation thereby established.

Every director shall observe the provisions of the Singapore Companies Act relating to the disclosure of interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a director which might create duties or interests in conflict with his duties or interests as a director. A director shall not be entitled to vote in respect of any transaction or arrangement in which he is interested and he shall not be taken into account in ascertaining whether a quorum is present.

A director may be or become a director of or hold any office or place of profit (other than as auditor) or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and unless otherwise agreed shall not be accountable for any fees, remuneration or other benefits received by him as a director or officer of or by virtue of his interest in such other company.

General powers of Directors

The business and affairs of the Company shall be managed by or under the direction or supervision of the Directors. The Directors may exercise all such powers of the Company as are not by statutes or by the Constitution required to be exercised by the Company in general meeting, but subject nevertheless to any regulations of the Constitution, to the provisions of the Singapore Companies Act and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by special resolutions of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved by the Company in general meeting.

The general powers given by this regulation shall not be limited or restricted by any special authority or power given to the Directors by any other regulation of the Constitution.

Borrowing powers

Subject as provided in the Constitution and to the provisions of the statutes, the Directors may borrow or raise money from time to time for the purpose of the Company or secure the payment of such sums as they think fit and may secure the repayment or payment of such sums by mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures or otherwise as they may think fit.

Declaration of dividends

The Company may by ordinary resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Directors.

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay the fixed preferential dividends on any class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

Manner of payment of dividends

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder to any one of such persons or to such persons and such address as such persons may by writing direct or by such means (including, by electronic means) as the Directors may decide at their absolute discretion. If paid by cheque or warrant, every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Unclaimed dividends

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or moneys unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.

Distribution *in specie*

The Company may, upon the recommendation of the Directors, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways; and the Directors shall give effect to such resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Establishment of reserves

The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested.

Capitalisation of profits and reserves

The Company may, upon the recommendation of the Directors, by ordinary resolution capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the members holding shares in the Company in the proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up

the amounts (if any) for the time being unpaid on any shares held by such members respectively, or in paying up in full new shares or debentures of the Company, such shares or debentures to be allotted and distributed and credited as fully paid up to and amongst such members in the proportion aforesaid or partly in one way and partly in the other.

Distribution of capital profits

The Constitution does not contain any specific provisions on the distribution of capital profits.

Directors' powers on capitalisation or distribution of profits

Upon the relevant resolution being passed by the Company, the Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all such members.

Distribution of assets on winding up

If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a special resolution, divide among the members *in specie* or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority thinks fit and the liquidation of the Company may be closed and the Company dissolved but so that no member shall be compelled to accept any shares or other securities in respect of which there is a liability.

Winding Up

The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

EXTRACTS FROM THE GSPL CONSTITUTION

Set out below are extracts from the GSPL Constitution.

Number of Directors

The number of Directors shall not be less than one and until otherwise determined by a general meeting not more than nine. GSPL may from time to time by ordinary resolution passed at a general meeting increase or reduce the number of Directors.

Appointment of additional Directors

The Directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the articles of the GSPL Constitution. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Share Qualification

Unless otherwise determined by a general meeting, a director shall not be required to hold any share qualification in GSPL.

Directors' remuneration

The remuneration of the Directors shall from time to time be determined by GSPL in general meeting. The remuneration of Directors shall be deemed to accrue from day to day. Furthermore, the Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of GSPL or in connection with the business of GSPL.

Appointment of executive Directors

The Directors may from time to time appoint one or more of their body to the office of managing director for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment. The appointment of a director to the office of managing director shall be automatically determined if he ceases from any cause to be a director.

Apart from the foregoing paragraph, the GSPL Constitution does not contain any other provisions on the appointment of executive Directors.

Remuneration of executive Directors

A managing director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration, whether by way of salary, commission, or participation in profits, or partly in one way and partly in another, as the Directors may determine.

Apart from the foregoing paragraph, the GSPL Constitution does not contain any other provisions on the remuneration of executive Directors.

Powers of executive Directors

The Directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter, or vary all or any of those powers.

Apart from the foregoing paragraph, the GSPL Constitution does not contain any other provisions on the powers of executive Directors.

Removal of Directors

GSPL may by ordinary resolution remove any director before the expiration of his period of office.

Retirement of Directors in rotation

At the first annual general meeting of GSPL, all the Directors shall retire from office and at the annual general meeting in every subsequent year one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they agree among themselves) be determined by lot. A director appointed to the office of managing director shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of Directors.

Election of Directors

GSPL at the meeting at which a director so retires may fill the vacated office by electing a person thereto, and in default the retiring director shall if offering himself for re-election and not being disqualified under the Singapore Companies Act from holding office as a director be deemed to have been re-elected, unless at that meeting it is expressly resolved not to fill the vacated office, or unless a resolution for the re-election of that director is put to the meeting and lost.

Director's interests

A director shall not vote in respect of any contract or proposed contract with GSPL in which he is interested, or any matter arising thereof, and if he does so vote his vote shall not be counted.

General powers of Directors

The business of GSPL shall be managed by the Directors who may pay all expenses incurred in promoting and registering GSPL, and may exercise all such powers of GSPL as are not, by the Singapore Companies Act or by the articles of the GSPL Constitution, required to be exercised by GSPL in general meeting, subject, nevertheless, to any of the articles of the GSPL Constitution, to the provisions of the Singapore Companies Act, and to such articles, being not inconsistent with the aforesaid articles or provisions as may be prescribed by GSPL in general meeting; but no regulation made by GSPL in general meeting shall invalidate any prior act of the Directors which would have been valid if that article had not been made.

Borrowing powers

The Directors may exercise all the powers of GSPL to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of GSPL or of any third party.

Declaration of dividends

GSPL in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of GSPL.

No dividend shall be paid otherwise than out of profits or shall bear interest against GSPL.

Manner of payment of dividends

Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other money payable in respect of the shares held by them as joint holders.

Unclaimed dividends

The GSPL Constitution does not provide for unclaimed dividends.

Distribution *in specie*

GSPL may at any general meeting declaring a dividend direct payment of such dividend wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other company or in any one or more of such ways and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

Establishment of reserves

The Directors may, before recommending any dividend, set aside out of the profits of GSPL such sums as they think proper as reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of GSPL may be properly applied, and pending any such application may, at the like discretion, either be employed in the business of GSPL or be invested in such investments (other than shares in GSPL) as the Directors may from time to time think fit.

Capitalisation of profits and reserves

GSPL in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of GSPL's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of GSPL to be allotted, distributed and credited as fully paid up to and amongst such members in proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution. A share premium account and a capital redemption reserve may for the purposes, be applied only in the paying up of the unissued shares to be issued to members of GSPL as fully paid bonus shares.

Distribution of capital profits

The GSPL Constitution does not contain any specific provisions on the distribution of capital profits.

Directors' powers on capitalisations or distribution of profits

Upon the relevant resolution being passed by GSPL, the Directors shall make all apportionments and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with GSPL providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by GSPL on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

Distribution of assets on winding up

If GSPL is wound up, the liquidator may, with the sanction of a special resolution of GSPL, divide amongst the members in kind the whole or any part of the assets of GSPL, whether they consist of property of the same kind or not, and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Winding up

Apart from the foregoing paragraph, the GSPL Constitution does not contain any other provisions on winding up.

MATERIAL AGREEMENTS

MATERIAL AGREEMENTS

The dates, nature of and parties to every material contract entered into either verbally or in writing by the applicant, any of its major subsidiaries or by any subsidiary where it is material to the applicant, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of business carried on, or proposed to be carried on, by the applicant or any of its subsidiaries, and entered into (i) within the 2 (years) prior to the date of the Pre-Listing Statement or (ii) at any time and containing an obligation or settlement that is material to the issuer or its subsidiaries at the date of the Pre-Listing Statement, are set out below:

Please note that all the material agreements listed below will be available for inspection and for additional information on the material agreements set out below, please refer to pages 52, 53, 128 and 129 of the Form 20-F.

Category of Contract	Contract	Parties to the contract	Date entered into	Description
Share Purchase Agreements	GSSA SPA	<ul style="list-style-type: none"> Grindrod GRIN 	23 March 2018	Agreement entered into in terms of which GRIN will purchase all the shares of GSSA from Grindrod. Under the terms of this agreement, Grindrod will sell all of the issued shares in GSSA to GRIN on the Implementation Date. The purchase price for such shares will be the market value of the GSSA shares, estimated to be approximately amount of \$41.0 million, to be settled by way of GRIN issuing 2,437,232 CCNs to Grindrod. Under the terms of this agreement, Grindrod warrants in favor of GRIN, including (i) that the GSSA shares are unencumbered, (ii) that GSSA holds shares in its specified subsidiaries, and (iii) that Grindrod has no claims against GSSA and Grindrod will waive any such claims that Grindrod may have against GSSA. The terms of this agreement permit GRIN to bring any claims against Parent in respect of the breach of such warranties or otherwise in connection with the purchase of the GSSA shares, to the extent that there is a basis in law to do so, up to an aggregate liability of Grindrod in respect of such claims in an amount equal to the purchase price for the GSSA shares. GRIN must also bring any such claims within 36 months of the Spin-Off and may only bring claims over a minimum threshold of \$100,000 Under the agreement, Grindrod will not be liable to make payment of any claim by GRIN, to the extent that making such payment would be contrary to any law. Notwithstanding the foregoing, GRIN and Grindrod do not expressly indemnify one another under this agreement against any third-party claims. However, this agreement does not preclude the parties from seeking such indemnification or other remedies in respect of third-party claims under applicable law.
	GSPL SPA	<ul style="list-style-type: none"> Grindrod GRIN 	23 March 2018	Agreement entered into in terms of which GRIN will purchase all the shares of GSPL from Grindrod. Under the terms of this agreement, Grindrod will sell all of the issued shares in GSPL to GRIN on the Implementation Date. The purchase price for such shares will be the market value of the GSPL shares, estimated to be approximately \$279.7 million, to be settled by way of GRIN issuing 16,626,600 CCNs to Grindrod. Under the terms of this agreement, Grindrod will provide certain warranties in favour of GRIN, including (i) that the GSPL shares are unencumbered, (ii) that GSPL holds shares in its specified subsidiaries, and (iii) that Grindrod has no claims against GSPL and Grindrod will waive any such claims that Parent may have against GSPL. The terms of this agreement permit GRIN to bring any claims against Grindrod in respect of the breach of such warranties or otherwise in connection with the purchase of the GSPL shares, to the extent that there is a basis in law to do so, up to an aggregate liability of Grindrod in respect of such claims in an amount equal to the purchase price for the GSPL shares. GRIN must also bring any such claims within 36 months of the Spin-Off and may only bring claims over a minimum threshold of \$100,000 Under the agreement, Grindrod will not be liable to make payment of any claim by GRIN, to the extent that making such payment would be contrary to any law. Notwithstanding the foregoing, GRIN and Grindrod do not expressly indemnify one another under this agreement against any third-party claims. However, this agreement does not preclude the parties from seeking such indemnification or other remedies in respect of third-party claims under applicable law.

Category of Contract	Contract	Parties to the contract	Date entered into	Description
	Implementation Agreement	<ul style="list-style-type: none"> Grindrod GRIN GSPL GSSA 	23 March 2018	<p>Agreement entered into between Grindrod, Gridrod Shipping, GSPL and GSSA which governs the mechanics of the Spin-Off. Under the terms of this agreement, the Spin-Off can only occur once the GSPL SPA and the GSSA SPA have become effective. In addition, this agreement is subject to the following conditions precedent:</p> <ul style="list-style-type: none"> GRIN's board of Directors approving the Spin-Off and required shareholder approvals for the Spin-Off are obtained; the regulatory and procedural steps required for the Spin-Off have taken place or been obtained; and GRIN's ordinary shares have been approved for listing on the NASDAQ (primary listing) subject to official notice and distribution, and the JSE (secondary listing).
Transitional Services Agreements	GRIN Transitional Services Agreement	<ul style="list-style-type: none"> Grindrod GRIN 	24 April 2018	<p>Agreement entered into under which Grindrod will continue to provide GRIN with, among other things, internal audit services, corporate secretarial services, information technology and such other financial and management services ("Services") through varying times in 2019.</p> <p>The Services to GRIN are provided for the benefit of GRIN, GSPL and the GSPL subsidiaries ("Offshore Shipping Group").</p> <p>The fees payable by GRIN to Grindrod in consideration for the provision of the Services as contemplated in the Agreement, (along with value-added tax thereon) are calculated on the basis set out in Annexure E of the Agreement.</p> <p>The total liability of Grindrod in respect of claims arising in terms of or in connection with the Agreement (whether arising from negligence, breach of contract or otherwise) are limited to an aggregate amount of R12 500 000 (twelve million five hundred thousand Rand).</p> <p>GRIN has an obligation to procure that all other entities in the Offshore Shipping Group promptly provide all information, documentation and assistance reasonably required by Grindrod or any other entity in the Grindrod Group in order to facilitate the effective provision of the Services as contemplated in the Agreement.</p> <p>Neither party to the Agreement nor any member of the Offshore Shipping Group is liable for indirect or consequential loss or damage, loss of profits, business, revenue, goodwill or anticipated savings suffered by any of them and arising in terms of the Agreement.</p> <p>The Agreement and any one of the Services is subject to termination on short-term notice by Grindrod.</p>
	GSSA Transitional Services Agreement	Grindrod GSSA	23 April 2018	<p>Agreement entered into under which Grindrod will continue to provide GSSA with, among other things, internal audit services, corporate secretarial services, information technology and such other financial and management services ("Services") through varying times in 2019.</p> <p>The Services to GSSA are provided for the benefit of GSSA and its subsidiaries ("GSSA Group").</p> <p>The fees payable by GSSA to Grindrod in consideration for the provision of the Services as contemplated in the Agreement, (along with value-added tax thereon) are calculated on the basis set out in Annexure E of the Agreement.</p> <p>The total liability of Grindrod in respect of claims arising in terms of or in connection with the Agreement (whether arising from negligence, breach of contract or otherwise) are limited to an aggregate amount of R12 500 000 (twelve million five hundred thousand Rand).</p> <p>GSSA has an obligation to procure that all other entities in the GSSA Group promptly provide all information, documentation and assistance reasonably required by Grindrod or any other entity in the Grindrod Group in order to facilitate the effective provision of the Services as contemplated in the Agreement.</p> <p>Neither party to the Agreement nor any member of the GSSA Group is liable for indirect or consequential loss or damage, loss of profits, business, revenue, goodwill or anticipated savings suffered by any of them and arising in terms of the Agreement.</p> <p>The Agreement and any one of the Services is subject to termination on short-term notice by Grindrod.</p>

Category of Contract	Contract	Parties to the contract	Date entered into	Description
Joint Venture Agreements	IVS Bulk Joint Venture Agreement	GSPL, IVS Bulk, Sankaty European Investments iii s.a.r.l, Regiment Capital Ltd	11 December 2013	<p>The following descriptions are only a summary of the material provisions of our material joint venture agreements and are qualified in their entirety by reference to the copies of the joint venture agreements and amendments thereto, which are filed as exhibits to the Form 20-F.</p> <p><i>IVS Bulk Pte. Ltd.</i> We own an approximately 33.5% interest in IVS Bulk Pte. Ltd., or IVS Bulk, a joint venture with Sankaty European Investments III S.a.r.l and Regiment Capital Ltd. The IVS Bulk joint venture agreement was entered into between GSPL IVS Bulk, Sankaty European Investments III S.a.r.l and Regiment Capital Ltd on 11 December 2013.</p> <p>IVS Bulk owns 12 of our drybulk carriers, consisting of six handysize vessels and six supramax vessels. We serve as the commercial and technical manager for these vessels and have employed the handysize vessels in our IVS Handysize Pool and have employed the supramax vessels in our IVS Supramax Pool, for which we are paid fees by IVS Bulk.</p> <p>In addition to our equity interest in IVS Bulk, we have made a \$25.6 million loan to IVS Bulk, which bears interest at 15.0% per year, is repayable upon 30 days' written demand or otherwise will mature on December 31, 2018. As of January 31, 2018, \$12.7 remained outstanding under this loan. While it is likely we will be repaid under this loan, we may require IVS Bulk to sell the IVS Gleneagles in order to repay any amounts due to us. Under the IVS Bulk joint venture agreement, profits are paid to the shareholders pro rata, subject to certain priority provisions set forth in the joint venture agreement.</p> <p>The IVS Bulk joint venture terminates on December 31, 2018. Upon termination, we have a right of first refusal to purchase the vessels owned by the IVS Bulk at an independently determined market value. If we do not purchase the vessels, our joint venture partners will have the right to purchase the vessels at the same price offered to us. If the vessels are not sold to us or our joint venture partners, the vessels will be sold in the open market. The proceeds from any vessels sales will be applied to any outstanding third party liabilities, then to repay any excess contributions by the shareholders, and thereafter as dividends, subject to certain restrictions.</p> <p>We may enter into discussions after the Spin-Off with our joint venture partners to explore the possibility of purchasing the vessels owned by IVS Bulk in exchange for equity in GRIN and/or other cash consideration. Prior to the listing, GRIN's shareholders will provide approval until the conclusion of our first annual general meeting, to issue new shares up to 25% of the number of ordinary shares outstanding immediately after the Spin-Off to the extent we were to issue equity for the purchase of these (or similar) vessels. Under Singapore law, shareholder approval is required to allow us to issue new shares which could impact our ability to raise capital or consummate acquisitions. Any issuance of new shares would dilute the percentage ownership of existing shareholders and could adversely impact the market price of the ordinary shares. There can be no assurances that such discussions will take place or that we will be able to acquire the vessels on favorable terms, if at all.</p>

Category of Contract	Contract	Parties to the contract	Date entered into	Description
Joint Venture Agreements	Leopard Tankers Joint Ventures Agreement	GSPL, Vitol, Leopard Tankers Pte.Ltd.	2 April 2012	<p><i>Leopard Tankers Pte. Ltd.</i></p> <p>We own a 50% interest in Leopard Tankers Pte. Ltd., or Leopard Tankers, a joint venture with Vitol. Leopard Tankers owns four 50,000 dwt tankers, which are commercially managed by Mansel, an affiliate of Vitol, which receives a management fee.</p> <p>The shareholders agreement was entered into on 2 April 2012 between Leopard Tankers, GSPL and Vitol.</p> <p>The shareholders agreement specifies that the vessels owned by Leopard Tankers are intended to be employed in the spot market or time chartered to Mansel. There are currently no vessels time chartered to Mansel.</p> <p>In addition to our equity interest in Leopard Tankers, we have made a \$22.1 million loan to Leopard Tankers, which bears interest at 2.0% per year and will mature on January 1, 2020. As of January 31, 2018 \$22.4 million remained outstanding under this loan. Vitol has also made a \$22.1 million loan to Leopard Tankers on the same terms. In addition, under the Leopard Tankers joint venture agreement, we and Vitol are obligated to fund on an equal basis certain funding shortfalls. In addition, we and Vitol have each guaranteed to the financiers of the Leopard Tankers credit facility up to 50% of the scheduled interest and principal payments of the \$138.5 million Leopard Tankers credit facility, excluding any balloon payment at maturity. We have also provided an undertaking to those financiers to ensure a minimum working capital balance of \$250,000 for each of the vessels owned by Leopard Tankers, but in no event are we required to provide more than 50% of such working capital shortfalls. Under the Leopard Tankers joint venture agreement, profits are paid to the parties on a pro rata basis.</p> <p>The Leopard Tankers joint venture may be terminated by either party at any time. Accordingly, upon termination, we may agree with our joint venture partner that each of us and Vitol would acquire two vessels and each of us or Vitol could also purchase one or two of the vessels that would otherwise have been acquired by the other party if such party declines to do so. If neither party acquires the vessels or the parties do not reach an agreement to acquire the vessels from the other party, the unsold vessels will be offered for sale in the open market and the proceeds would be used to settle any third party claims and thereafter distributed to the joint venture partners in accordance with the joint venture agreement.</p>
Loan Agreements	<i>\$50.0 Million Senior Secured Credit Facility</i>	Standard Chartered Bank (Singapore Branch), GSHL	26 August 2010	<p>On August 26, 2010, the GSHL Group entered into a \$50.0 million senior secured credit facility with Standard Chartered Bank (Singapore Branch) to finance a portion of the market value of three handysize drybulk carriers. On May 31, 2016, an additional handysize drybulk carrier was added to the facility to increase the level of security for the bank. The facility bears interest at LIBOR plus a margin of 3.04%. The term of this facility is eight years and it matures on August 30, 2018. The facility is currently secured by, among other things, a first priority mortgage on each of the four vessels. As of December 31, 2017, the outstanding balance on this facility was approximately \$12.3 million.</p>
	<i>\$123.0 Million Senior Secured Credit Facility</i>	GSHL, Credit Agricole Corporate and Investment Bank, Standard Chartered Bank (Singapore Branch), DVB Group Merchant Bank (Asia) Limited and BNP Paribas, Singapore Branch	7 July 2011	<p>On July 7, 2011, the GSHL Group entered into a \$123.0 million senior secured credit facility with Credit Agricole Corporate and Investment Bank, Standard Chartered Bank (Singapore Branch), DVB Group Merchant Bank (Asia) Limited and BNP Paribas, Singapore Branch to finance a portion of the market value of three tankers and six handysize drybulk carriers. The loan is made up of a term facility of \$73.0 million and a revolving credit facility of \$50.0 million. The facility originally bore interest at LIBOR plus a margin of 2.25%. The margin was increased to 2.50% on January 7, 2017. The term of this facility is seven years and it matures on July 7, 2018. The facility is currently secured by, among other things, a first priority mortgage on each of the nine vessels. As of December 31, 2017, the outstanding balance on this facility was approximately \$54.5 million and \$5 million of the revolving credit facility remained undrawn.</p>

Category of Contract	Contract	Parties to the contract	Date entered into	Description
Loan Agreements	<i>\$21.0 Million Senior Secured Credit Facility</i>	GSHL, Credit Agricole Corporate and Investment Bank	30 March 2017	On March 30, 2017, the GSHL Group entered into a \$21.0 million senior secured credit facility with Credit Agricole Corporate and Investment Bank to finance a portion of the market value of two tankers and one handysize drybulk carrier. The facility bears interest at LIBOR plus a margin of 2.65%. The facility has been extended and it matures on June 29, 2018. The facility is currently secured by, among other things, a first priority mortgage on each of the nine vessels and guaranteed by GSPL. As of December 31, 2017, the outstanding balance on this facility was approximately \$19.0 million.
	<i>\$27.0 Million Senior Secured Credit Facility</i>	GSHL, DVB Bank SE Singapore Branch	9 December 2016	On December 9, 2016, the GSHL Group entered into a \$27.0 million senior secured credit facility with DVB Bank SE Singapore Branch to finance a portion of the market value of one tanker. The facility bears interest at LIBOR plus a margin of 2.45%. The term of this facility is four years, with the option to extend for a further two years (with a potential adjustment to the margin), and it matures on January 11, 2021. The facility is currently secured by, among other things, a first priority mortgage over the vessel and guaranteed by GSPL and Grindrod. As of December 31, 2017, the outstanding balance on this facility was approximately \$22.9 million. In connection with the Proposed Transaction, Grindrod Shipping is in discussions with the lender to release the guarantee related to this facility issued by Grindrod.
	<i>\$9.5 Million Senior Secured Credit Facility</i>	GSHL, Standard Chartered Bank (Johannesburg)	2 December 2016	On December 2, 2016, the GSHL Group entered into a \$9.5 million senior secured credit facility with Standard Chartered Bank (Johannesburg) to finance a portion of the market value of three bunker barges. The facility bears interest at LIBOR plus a margin of 3.05%. The term of this facility is six years and it matures on December, 2, 2022. The facility is currently secured by, among other things, a first priority mortgage over the vessels and guaranteed by Grindrod. As of December 31, 2017, the outstanding balance on this facility was approximately \$8.0 million.

CORPORATE GOVERNANCE

1. INTRODUCTION

The Company will not be required to comply with many of the corporate governance practices followed by U.S. companies under the NASDAQ listing requirements. Accordingly, the Company is exempted from many of the NASDAQ corporate governance practices.

In respect of related party transactions, the Company will be required to comply with the requirements of the relevant mandatorily applicable regulations, including the NASDAQ listing requirements and any other voluntarily adopted frameworks.

The Company, being incorporated under the laws of Singapore, has elected to voluntarily comply with the relevant guidelines of the 2012 Code of Corporate Governance issued by the Monetary Authority of Singapore (“**Singapore Code of Corporate Governance**”). In connection with the expected listing on the JSE, we have certified to the JSE and have complied with the minimum requirements of corporate governance practices, which are also not prohibited by Singapore law. Set forth below is a list of the corporate governance practices and the JSE listing standards applicable to our secondary listing on the JSE.

The Company endorses and accepts full responsibility for the application of the principles necessary to ensure that effective corporate governance is practised consistently throughout the Company. In discharging this responsibility, the intention is to comply with the principles of the South African Code of Corporate Practices and Conduct as set out in the fourth King Report on Corporate Governance (“**King Code**”). The Company’s approach to corporate governance strives to be stakeholder inclusive, based on good communication and integrated into every aspect of the Company’s business.

Since the Company has converted to a public company, the Directors have pro-actively taken steps to ensure that the necessary elements required to make the Company compliant with the principles of the applicable provisions of the U.S. securities laws, Nasdaq Stock Market Rules, the Singapore Code of Corporate Governance and the King Code have been implemented. To ensure that the Company’s operations are executed in accordance with these principles, the management system includes a code of ethics, as well as policies and protocols to govern processes and operations. The Company has also adopted a board charter setting out roles, functions, obligations, rights, responsibilities and powers of the Board and the policies and practices of the Board in respect of its duties, functions and responsibilities (“**Board Charter**”). Furthermore, the Company has adopted terms of reference for each of its committees.

In preparing and adopting the Board Charter and committee terms of reference, the Company has taken into account the recommendations set out in the applicable provisions of the U.S. securities laws, Nasdaq Stock Market Rules, the Singapore Code of Corporate Governance and the King Code. The Board of Directors is of the opinion that the Company is compliant with the Listings Requirements and the King Code in all material respects.

2. GOVERNANCE STRUCTURES

Board of Directors’ Practices

Grindrod Shipping’s Board of Directors comprises 5 (five) Directors including 3 (three) independent non-executive members. Each of Grindrod Shipping’s Directors is elected by Grindrod Shipping’s shareholders or appointed by the Directors pursuant to Grindrod Shipping’s Constitution.

At the first annual general meeting following the Spin-Off, all of the Directors, other than any director holding office as chief executive officer or chief financial officer, shall retire from office and shall be eligible for re-election. At each subsequent annual general meeting, one-third of the Directors then in office, or if their number is not a multiple of three, the number nearest to one-third, shall retire from office by rotation, provided no director holding office as chief executive officer or chief financial officer shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. In addition, any director who has been appointed by the Directors to fill a vacancy during any given year will be required to retire from office at the next annual general meeting and shall be eligible for re-election at such meeting. Directors holding office as chief executive officer or chief financial officer shall resign from their directorship upon no longer holding such positions.

The Directors to retire in every year shall be those who have been longest serving in office since their last re-election or appointment. Where Directors were re-elected or appointed on the same day, those to retire shall be agreed amongst themselves or be determined by lot.

A director shall vacate his office upon his resignation, removal, bankruptcy, becoming mentally disordered. A director may only be removed from office by or according to resolution of the shareholders.

No director is entitled to any severance benefits on termination of his or her service as a director.

Grindrod Shipping has established 2 (two) committees of the Board of Directors: the Audit and Risk Committee (“**Audit and Risk Committee**”) and the Compensation and Nomination Committee (“**Compensation and Nomination Committee**”).

The Directors will ensure that there is an appropriate balance of power and authority on the Board of Directors, such that no one individual or block of individuals can dominate the Board of Directors’ decision taking.

Board Committees

The Board of Directors is authorised to delegate certain of its duties to board committees to assist with the effective execution of its mandate. Each committee has a written charter and shall report regularly to the Board of Directors summarising the committee’s actions and any significant issues considered by the committee. The Board Committee, among other things, oversees and ensure good governance and is responsible for ensuring that the Company, is and is seen to be a responsible corporate citizen.

Audit and Risk Committee

The members of the Audit and Risk Committee are Messrs. Quah, Herholdt and Brahde. The Audit and Risk Committee, among other things, oversees our financial reporting, risk management, related party transactions and internal controls (in relation to financial, operational, compliance and information technology controls), engages our external auditors and oversees our internal audit activities, tax policies and effectiveness of our legal and compliance systems.

Compensation and Nomination Committee

The members of the Compensation and Nomination Committee consists of 3 members, who are Messrs. Herholdt, Brahde and Quah. The Compensation and Nomination Committee oversees our compensation policy and the executive compensation policy, approves awards of stock based incentives, approves the individual package of the chief executive officer, reviews and monitors the nomination and appointment process and composition of the Board of Directors and succession planning of the Board, the committees of the Board of Directors and the performance of the Board.

Company Secretary

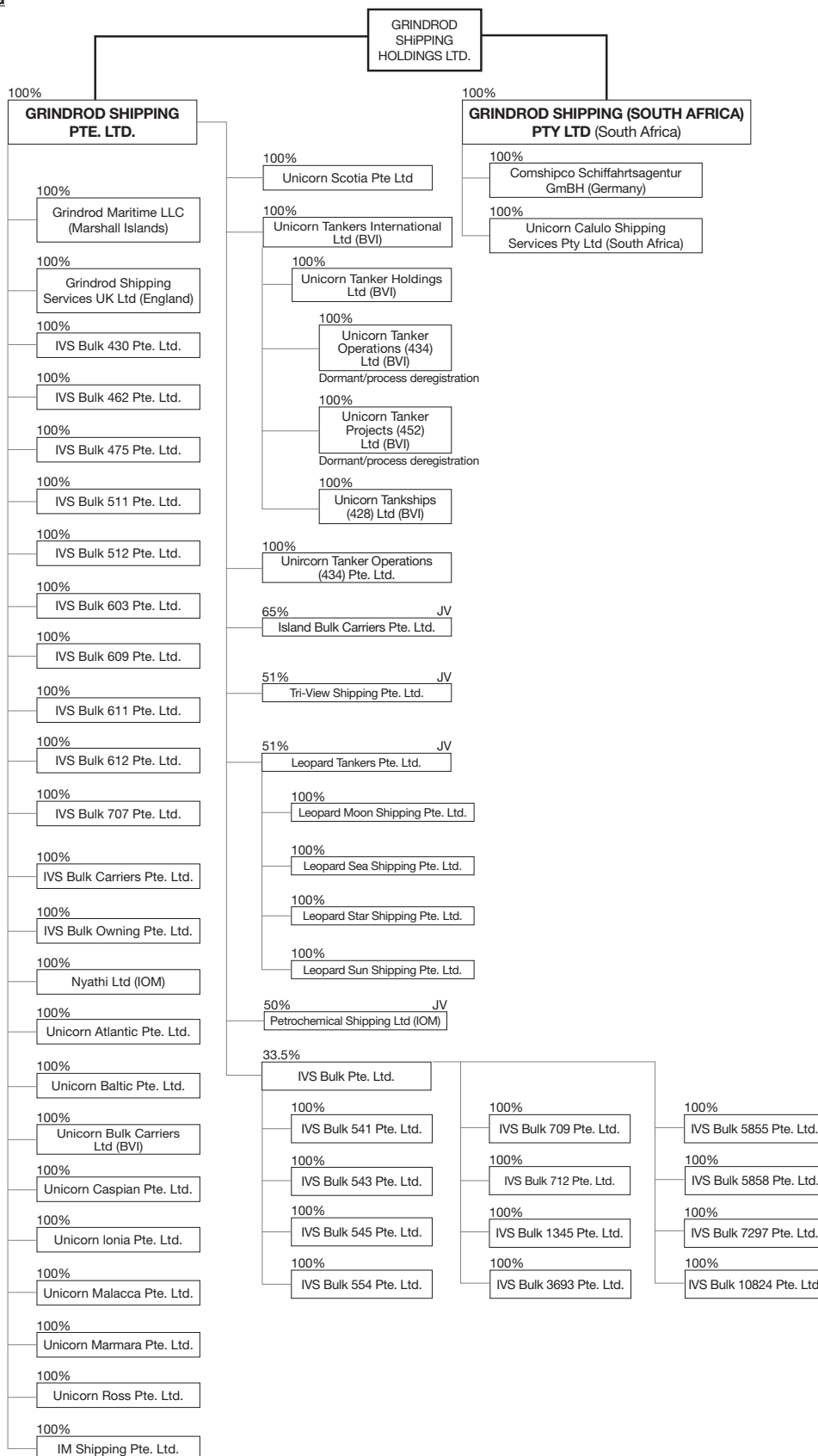
The company secretary is Shirley Lim Guat Hua. The company secretary's role includes, amongst others, to act as the secretary to the Board of Directors, preparing annual work plans, meeting calendars agenda for any board meetings to be held and all documentation ancillary thereto, maintaining minutes of all meetings of the Board of Directors and to ensure good corporate governance by, amongst others, maintaining a register of dealings by Directors, reporting conflicts of interest to the Board of Directors and ensuring the continued training and professional development of Directors.

GROUP STRUCTURE

Grindrod Shipping is a company incorporated under the laws of the Republic of Singapore. Pursuant to the Spin-Off we will acquire two subsidiaries through which business operations are conducted and staff are employed, one is a Singapore company and the other is a South African company. Each of the wholly owned vessels is held through a separate, wholly owned subsidiary of the Singapore company. Each of those subsidiaries is also incorporated in Singapore, except for one which is incorporated in the Marshall Islands.

GRINDROD SHIPPING HOLDINGS LTD. ORGANOGRAM AS AT LISTING

Note: Companies are incorporated in Singapore unless specified



SHARE INCENTIVE SCHEME EXTRACTS

Introduction and Purpose

The Promoter approved the Forfeitable Share Plan (“**FSP**”) on recommendation of the Board which considers it important and appropriate that the Company has a competitive long-term incentive scheme in place, to attract, retain, motivate and reward employees of the GSHL Group (collectively “**Participants**”) who are able to influence the performance of the GSHL Group, on a basis which aligns the interests of the Participants with those of the Group, the relevant employer company and Company’s Shareholders.

The salient features of the FSP are detailed below.

Nature of Instruments

Participants will be awarded conditional rights to receive Company shares (“**Forfeitable Shares**”) (“**Award**”). The Award will only be settled after the vesting date and the Participant will not have any economic or other interest or rights in the shares prior to the vesting date.

Basis of Awards and Award Levels

The number of Forfeitable Shares subject to an Award will primarily, but subject to the discretion of the Compensation and Nomination Committee, be based on the employee’s performance, retention and attraction requirements and market benchmarks.

Vesting Period, Conditions and Settlement

The Compensation and Nomination Committee will set appropriate vesting periods for each Award or part of an award, (“**Vesting period**”).

The Compensation and Nomination Committee may attach performance conditions to the vesting of an Award at the time the Award is made.

The rules of the FSP provide flexibility for the Company to settle the Award by:

- (i) the use of treasury shares; or
- (ii) the issue of new shares.

Number of Shares made available for the FSP

The aggregate number of Shares at any one time which may be granted in an Award together with all existing Awards that have not yet vested under the FSP, shall not exceed 5% of the number of Shares in issue (excluding treasury shares), as determined in reference to the day preceding the Award.

Termination of employment

Employees whose employment is terminated due to resignation or dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct will be classified as bad leavers and will forfeit all unvested Awards.

Employees whose employment is terminated due to retrenchment, ill-health, disability, injury or the sale of the employer company out of the control of the Group, will be classified as good leavers and a pro rata portion of the Award will vest on the date of termination of employment.

Termination of employment due to death will result in immediate vesting of all of the Award.

The Compensation and Nomination Committee will determine on a case by case basis the extent of any early vesting of any unvested part of an Award in the case of an employee terminating employment due to retirement.

Change of control

In the event of a change of control, the Compensation and Nomination Committee may, at its discretion, early vest all the unvested Awards.

Corporate activity- including an unbundling, capitalisation issue, subdivision of shares and consolidation of shares

In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, or consolidation of shares, Participants shall continue to participate in the FSP. The Compensation and Nomination Committee may make such adjustment to the Award or take such other action to place participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event. The issue of shares for value received, such as an issue for cash or as consideration for an acquisition, will not be regarded as a circumstance that requires any adjustment to Awards.

DETAILS OF PRINCIPAL IMMOVABLE PROPERTIES LEASED OR OWNED

Immovable Property

The GSHL Group does not own any material immovable property.

We lease office space in several countries where we have staff or operations. Our largest offices are in Singapore, South Africa and the United Kingdom. Our main material assets consist of our vessels which are owned through several partly and wholly owned subsidiaries. It should be noted that we lease various vessels for both short term and long term periods.

For a description of our fleet, see pages 47-49 of the Form 20-F.

Details of the principal immovable property leased by the Company are as follows:

Tenure and counter party	Nature of use	Property	Area (sq m)	Lease expiry	Unexpired term from 31-Dec-17 (years)	Rental per annum
Leased property from Kuo Ventures Pte. Ltd.	Singapore office	200 Cantonment Rd, #03-01 Southpoint, Singapore, 098763	929	30-Sep-19	1.75	US\$566 418 (Note 1)
Leased property from Grindrod Property Leasing Pty Ltd	Durban office	8th Floor, Grindrod House, 108 Margaret	1,118	90 days' notice	0.25	US\$189,114 (Note 2)
Leased property from Grindrod Property Holdings Limited	Durban Training School	48 Hannah Road, Congela, Durban, 4001, South Africa	3,664	30-Sep-20	2.75	US\$ 95,918 (Note 1)

Note 1: Rental commitment for 2018 year included in the disclosure in the 2017 financial statements.

Note 2: Annualised cost projected for 2018, not included in the disclosure in the 2017 financial statement.