



GRINDROD LIMITED



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- Bermuda
- Botswana
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- Malawi
- Mauritius
- Mozambique
- Namibia
- The Netherlands
- Nigeria
- Peru
- Sierra Leone
- Singapore
- South Africa
- Swaziland
- Tanzania
- Ukraine
- United Arab Emirates
- United Kingdom
- USA
- Zambia
- Zimbabwe

UNAUDITED INTERIM RESULTS AND DIVIDEND ANNOUNCEMENT

for the six months ended 30 June 2014



integrated logistics



Highlights	1
Summarised consolidated income statement	2
Summarised consolidated statement of other comprehensive income	4
Summarised consolidated statement of financial position	5
Summarised consolidated statement of cash flows	6
Summarised consolidated statement of changes in equity	7
Segmental analysis	8
Business combinations	9
Assets classified as held for sale and discontinued operations	11
Business review	13
Declaration of interim dividend	20
Corporate information	IBC

HIGHLIGHTS

- Successful capital raise of R2,4 billion secures equity for growth plan
- Successful B-BBEE consortium transaction of R1,6 billion
- Revenue increased by **22%** to R4,4 billion (H1 2013: R3,6 billion)
- Earnings per share up **25%** to 112,5 cents (H1 2013: 90,2 cents)
- Headline earnings per share down **32%** to 52,0 cents (H1 2013: 76,2 cents)
- Net asset value per share up to **2 125** cents (H1 2013: 1 879 cents)
- Interim ordinary dividend per share **13,6** cents per share (H1 2013: 20,0 cents)



SUMMARISED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited 30 June 2014 R000	Unaudited 30 June 2013** R000	Audited 31 December 2013^ R000
Continuing operations			
Revenue	4 370 776	3 636 534	7 924 335
Earnings before interest, taxation, depreciation and amortisation	506 244	481 235	925 909
Depreciation and amortisation	(247 571)	(214 628)	(455 853)
Operating profit before interest and taxation	258 673	266 607	470 056
Non-trading items	371 345	83 958	679 193
Interest received	66 153	34 563	78 663
Interest paid	(83 450)	(60 119)	(110 567)
Profit before share of joint venture and associate companies' profit	612 721	325 009	1 117 345
Share of joint venture companies' profit after taxation	146 698	293 214	544 248
Share of associate companies' profit after taxation	19 431	12 031	30 625
Profit before taxation	778 850	630 254	1 692 218
Taxation	(84 591)	(64 185)	(146 690)
Net profit from continuing operations for the period	694 259	566 069	1 545 528
Discontinued operations			
Net profit/(loss) from discontinued operations for the period	42 174	9 943	(283 478)
Net profit for the period	736 433	576 012	1 262 050
Attributable to:			
Ordinary shareholders	693 656	533 197	1 177 172
Preference shareholders	28 804	27 450	55 354
Owners of the parent	722 460	560 647	1 232 526
Non-controlling interests	13 973	15 365	29 524
	736 433	576 012	1 262 050
Exchange rates (R/US\$)			
Opening exchange rate	10,55	8,48	8,48
Closing exchange rate	10,64	9,93	10,55
Average exchange rate	10,73	9,23	9,67



	Unaudited 30 June 2014 R000	Unaudited 30 June 2013** R000	Audited 31 December 2013^ R000
Reconciliation of headline earnings			
Profit attributable to ordinary shareholders	693 656	533 197	1 177 172
Adjusted for:	(373 093)	(82 703)	(475 356)
Impairment of goodwill	–	–	186 447
Impairment of other investments	–	–	64 530
Impairment of ships, intangibles, plant and equipment	83 802	–	58 992
Net profit on disposal of investments	(424 352)	(83 006)	(87 655)
Net loss/(profit) on disposal of plant and equipment	469	(952)	190
Negative goodwill realised	(23 187)	–	(3 937)
Foreign currency translation reserve recycled on cessation of operations following restructure	(6 289)	(6)	(698 028)
Joint ventures:			
Negative goodwill realised	–	(5 920)	(4 642)
Net profit on disposal of plant and equipment	(3 536)	(53)	–
Total taxation effects of adjustments	–	7 234	8 747
Headline earnings	320 563	450 494	701 816
Ordinary share performance			
Number of shares in issue less treasury shares (000s)	752 874	590 986	591 586
Weighted average number of shares (basic) (000s)	616 344	590 870	591 109
Diluted weighted average number of shares (000s)	620 300	593 519	593 665
Earnings per share: (cents)			
Basic	112,5	90,2	199,1
Diluted	111,8	89,8	198,3
Earnings per share from continuing operations^ (cents)			
Basic	105,7	89,4	248,5
Diluted	105,0	89,0	247,4
Earnings per share from discontinued operations^ (cents)			
Basic	6,8	0,9	(49,3)
Diluted	6,8	0,9	(49,1)
Headline earnings per share: (cents)			
Basic	52,0	76,2	118,7
Diluted	51,7	75,9	118,2
Headline earnings per share from continuing operations^ (cents)			
Basic	44,9	76,3	134,3
Diluted	44,6	75,9	133,7
Headline earnings per share from discontinued operations^ (cents)			
Basic	7,1	–	(15,6)
Diluted	7,1	–	(15,5)
Dividends per share: (cents)			
Interim	13,6	20,0	20,0
Final			17,1
Dividend cover (times)	8,3	4,5	5,4

* The June 2013 comparative information has been restated for the treatment of the acquisition of a joint venture in terms of IAS 28. In the prior year this acquisition was accounted for in terms of IFRS 3.

^ Restated to disclose the commodity trading business and Financial Services division as discontinued operations.



SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited 30 June 2014 R000	Unaudited 30 June 2013* R000	Audited 31 December 2013 R000
Profit for the period	736 433	576 012	1 262 050
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the period	71 461	1 200 000	1 618 579
Cash flow hedges	217	(523)	(1 038)
Business combination acquisition	–	–	(9 148)
Fair value loss arising on available-for-sale instruments	–	(25 029)	(25 029)
Reclassification of available-for-sale financial instruments	–	–	50 029
Items that will not be reclassified subsequently to profit and loss			
Actuarial gains	–	–	8 579
Total comprehensive income for the period	808 111	1 750 460	2 904 022
Total comprehensive income attributable to:			
Owners of the parent	793 998	1 727 324	2 865 201
Non-controlling interest	14 113	23 136	38 821
	808 111	1 750 460	2 904 022

* The June 2013 comparative information has been restated for the treatment of the acquisition of a joint venture in terms of IAS 28. In the prior year this acquisition was accounted for in terms of IFRS 3.



SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Unaudited 30 June 2014 R000	Unaudited 30 June 2013* [^] R000	Audited 31 December 2013 R000
Ships, property, terminals, vehicles and equipment	6 831 332	6 380 510	6 698 871
Investment property	–	122 785	–
Intangible assets	1 508 576	731 869	559 763
Investments in joint ventures	3 517 010	2 423 112	3 616 166
Investments in associates	807 683	566 745	788 118
Deferred taxation	90 536	109 058	99 772
Other investments and derivative financial assets	617 840	314 894	493 161
Recoverables on cancelled ships	258 457	222 545	236 440
Total non-current assets	13 631 434	10 871 518	12 492 291
Loans and advances to bank customers	–	3 606 323	3 674 567
Liquid assets and short-term negotiable securities	–	432 505	1 044 432
Short-term loans	239 365	638 888	–
Bank balances and cash	2 599 648	3 129 844	6 076 314
Other current assets	3 830 610	4 317 409	2 718 056
Non-current assets held for sale	10 112 719	277 916	2 416 467
Total assets	30 413 776	23 274 403	28 422 127
Shareholders' equity**	16 678 673	11 733 480	12 036 428
Non-controlling interests	62 115	113 808	96 239
Total equity	16 740 788	11 847 288	12 132 667
Interest-bearing borrowings	2 108 496	1 998 180	1 973 390
Financial services funding instruments	–	881 903	1 082 986
Deferred taxation	125 732	152 985	144 426
Other non-current liabilities	148 225	113 699	110 810
Non-current liabilities	2 382 453	3 146 767	3 311 612
Deposits from bank customers	–	3 816 019	8 014 890
Current interest-bearing borrowings	574 705	2 521 976	1 127 074
Financial services funding instruments	–	241 979	160 253
Other liabilities	2 345 396	1 584 732	1 460 392
Non-current liabilities associated with assets held for sale	8 370 434	115 642	2 215 239
Total equity and liabilities	30 413 776	23 274 403	28 422 127

* Restated due to reclassification of joint venture intercompany balances.

** Included in the current year is the share issue of R1,6 billion relating to the Acquisition and Consortium Placement which were accounted for at 30 June 2014 with the final conditions completed before the listing of the shares on 29 July 2014.

[^] The June 2013 comparative information has been restated for the treatment of the acquisition of a joint venture in terms of IAS 28. In the prior year this acquisition was accounted for in terms of IFRS 3.

General note: Following the decision to dispose of the commodity trading and Financial Services businesses, they have been classified as non-current assets and non-current liabilities held for sale.

Net worth per ordinary share – at book value (cents)	2 125	1 879	1 926
Net debt:equity ratio	(0,01):1	0,14:1	0,22:1
Capital expenditure	1 080 555	671 442	2 020 953

	30 June 2014 R000	30 June 2014 US\$000	30 June 2013 R000	30 June 2013 US\$000	31 December 2013 R000	31 December 2013 US\$000
Capital commitments	230 312	56 806	339 511	122 273	184 978	57 711
Authorised by directors and contracted for	139 154	22 206	300 926	82 731	116 640	25 427
Due within one year	138 291	19 754	258 262	29 895	116 140	23 590
Due thereafter	863	2 452	42 664	52 836	500	1 837
Authorised by directors not yet contracted for	91 158	34 600	38 585	39 542	68 338	32 284



SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited 30 June 2014 R000	Unaudited 30 June 2013* [^] R000	Audited 31 December 2013 R000
Operating profit before working capital changes	505 223	379 778	734 765
Working capital changes	45 416	(127 231)	(86 937)
Cash generated from operations	550 639	252 547	647 828
Net interest paid	(64 867)	(43 636)	(92 930)
Net dividends paid	(117 257)	(120 053)	(173 870)
Taxation paid	(93 338)	(79 238)	(219 585)
	275 177	9 620	161 443
Net bank advances to customers and other short-term negotiables	(2 480 671)	(1 069 323)	2 465 696
Deposits – retail banking	(2 461 848)	(1 268 123)	2 196 780
Other	(18 823)	198 800	268 916
Net cash flows (utilised in)/generated from operating activities before ship sales and purchases	(2 205 494)	(1 059 703)	2 627 139
Refund on ships under construction cancelled	–	205 718	197 248
Proceeds on disposal of ships and locomotives	233 149	–	306 061
Cash payments on ship options exercised	(115 390)	–	–
Capital expenditure on ships	(15 405)	(182 937)	(406 251)
Net cash flows (utilised in)/generated from operating activities	(2 103 140)	(1 036 922)	2 724 197
Acquisition of investments and subsidiaries, property, terminals, vehicles and equipment (Acquisition)/proceeds on disposal of other investments	(578 320)	(468 332)	(1 463 632)
	(24 428)	9 521	(171 056)
Proceeds from disposal of property, terminals, vehicles, equipment and investments	32 403	121 268	160 889
Net payments made to acquire financial assets and finance lease receivables	(66 151)	–	–
Intangible assets acquired	(11 170)	(19 525)	(63 162)
Proceeds from disposal of intangible assets	304	–	175
Loans advanced to joint venture and associate companies	35 864	45 403	100 074
Acquisition of preference share capital investment	(400 000)	–	–
Acquisition of additional investments in subsidiaries, joint ventures and associates	(77 460)	–	(107 451)
Net cash flows utilised in investing activities	(1 088 958)	(311 665)	(1 544 163)
Net proceeds from issue of ordinary share capital**	3 488 335	6 255	11 737
Long-term interest-bearing debt raised	199 720	429 987	811 560
Payment of capital portion of long-term interest-bearing debt	(491 260)	(541 325)	(720 807)
Short-term interest-bearing debt (repaid)/raised	(1 329 631)	226 350	571 560
Net cash flows generated from financing activities	1 867 164	121 267	674 050
Net (decrease)/increase in cash and cash equivalents	(1 324 934)	(1 227 320)	1 854 084
Cash and cash equivalents at beginning of the period	6 131 503	4 250 250	4 250 250
Difference arising on translation	(3 807)	19 032	27 169
Cash and cash equivalents at end of the period	4 802 762	3 041 962	6 131 503

* Restated due to reclassification of joint venture intercompany balances.

[^] The June 2013 comparative information has been restated for the treatment of the acquisition of a joint venture in terms of IAS 28. In the prior year this acquisition was accounted for in terms of IFRS 3.

** Included in the current year share issue is the R2,4 billion Bookbuild listed on 16 May 2014 and the R1,6 billion relating to the Acquisition and Consortium Placement which were accounted for at 30 June 2014 with the final conditions completed before the listing of the shares on 29 July 2014.



SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited 30 June 2014 R000	Unaudited 30 June 2013** R000	Audited 31 December 2013 R000
Share capital and share premium	6 027 860	2 031 510	2 036 992
Balance at beginning of the period	2 036 992	2 025 255	2 025 255
Share options exercised	–	6 255	11 737
Share issue*	3 990 868	–	–
Preference share capital	2	2	2
Balance at beginning of the period	2	2	2
Equity compensation reserve	56 937	46 251	50 551
Balance at beginning of the period	50 551	42 126	42 126
Share-based payments	6 386	4 125	8 425
Foreign currency translation reserve	1 980 759	2 201 207	1 916 514
Balance at beginning of the period	1 916 514	1 005 260	1 005 260
Foreign currency translation realised	(6 289)	–	(698 028)
Foreign currency translation adjustments	70 534	1 195 947	1 609 282
Other non-distributable reserves	(34 487)	(67 235)	(23 151)
Balance at beginning of the period	(23 151)	(37 965)	(37 965)
Fair value adjustment of available-for-sale financial instrument	–	(25 029)	(25 029)
Foreign currency translation adjustments	787	–	–
Reclassification of available-for-sale investments	–	–	50 029
Cash flow hedge	217	(3 718)	(1 038)
Business combination release	(12 340)	(523)	(9 148)
Movement in accumulated profit	8 647 602	7 521 745	8 055 520
Balance at beginning of the period	8 055 520	7 079 678	7 079 678
Actuarial gains	–	–	8 579
Profit for the period	722 460	560 647	1 232 526
Ordinary dividends paid	(101 574)	(91 130)	(209 909)
Preference dividends paid	(28 804)	(27 450)	(55 354)
Total interest of shareholders of the company	16 678 673	11 733 480	12 036 428
Equity attributable to non-controlling interests of the company	62 115	113 808	96 239
Balance at beginning of the period	96 239	126 533	126 533
Foreign currency translation adjustments	140	7 771	9 297
Business (disposals)/acquisitions	13 211	(34 000)	(54 502)
Non-controlling interest disposed	(55 633)	–	–
Profit for the period	13 973	15 365	29 524
Dividends paid	(5 815)	(1 861)	(14 613)
Total equity attributable to shareholders of the company*	16 740 788	11 847 288	12 132 667

* Included in the current year share issue is the R2,4 billion Bookbuild listed on 16 May 2014 and the R1,6 billion relating to the Acquisition and Consortium Placement which were accounted for at 30 June 2014 with the final conditions completed before the listing of the shares on 29 July 2014.

** The June 2013 comparative information has been restated for the treatment of the acquisition of a joint venture in terms of IAS 28. In the prior year this acquisition was accounted for in terms of IFRS 3.



SEGMENTAL ANALYSIS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited 30 June 2014 R000	Unaudited 30 June 2013 [^] R000	Audited 31 December 2013 R000
Revenue			
Freight Services	2 762 805	2 971 184	6 167 722
Shipping	10 623 297	8 522 835	18 158 014
Group	4 386	1 358	4 905
	13 390 488	11 495 377	24 330 641
Segmental adjustments**	(9 019 712)	(7 858 843)	(16 406 306)
	4 370 776	3 636 534	7 924 335
Earnings before interest, taxation, depreciation and amortisation			
Freight Services	578 269	619 994	1 227 335
Shipping	238 381	326 414	636 954
Group	29 791	(13 817)	(64 933)
	846 441	932 591	1 799 356
Segmental adjustments**	(340 197)	(451 356)	(873 447)
	506 244	481 235	925 909
Operating profit/(loss) before interest and taxation			
Freight Services	427 275	504 953	962 711
Shipping	39 892	171 481	294 624
Group	28 210	(15 818)	(68 841)
	495 377	660 616	1 188 494
Segmental adjustments**	(236 704)	(394 009)	(718 438)
	258 673	266 607	470 056
Share of associate companies' profit/(loss) after taxation			
Freight Services	19 431	12 031	30 625
Profit/(loss) attributable to ordinary shareholders			
Freight Services	495 487	407 110	701 491
Shipping	157 330	130 197	809 975
Group	(1 335)	(14 053)	(50 816)
Discontinued operations	42 174	9 943	(283 478)
	693 656	533 197	1 177 172

* The June 2013 comparative information has been restated for the treatment of the acquisition of a joint venture in terms of IAS 28. In the prior year this acquisition was accounted for in terms of IFRS 3.

[^] Trading businesses have now been included in the Freight Services and Shipping divisions. The prior year has been restated to disclose the commodity trading business and Financial Services division as discontinued operations and change in basis of segmentation.

** Joint venture earnings are reviewed together with subsidiaries by the key decision maker. Segmental adjustments relate to joint ventures necessary to reconcile to IFRS presentation.



BUSINESS COMBINATIONS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

Acquisition of subsidiaries, joint ventures and associates

During the period, the group acquired the following interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2014	Purchase consideration R000
RRL Grindrod Locomotives Proprietary Limited	Rail	49	30 June	264 110
RRL Grindrod Proprietary Limited	Rail	50	30 June	37 500
Unicorn Calulo Shipping Services Proprietary Limited	Shipping Services	50	30 June	26 800
Unicorn Calulo Bunker Services Proprietary Limited	Bunker Services	25	30 June	127 400
Sturrock Grindrod Maritime Holdings Proprietary Limited	Ships Agencies	50	30 June	190 400
Grindrod South Africa Proprietary Limited	Freight Services	25	30 June	30 022
Grindrod Rail Construction Proprietary Limited	Rail	25	30 June	9 000
Grindrod Corridor Management Proprietary Limited	Terminals	30	30 June	7 900
Total purchase consideration				693 132

Reasons for acquisitions

The primary reasons for acquisitions were to enable Grindrod to create greater alignment between subsidiary companies and the group, eliminate any conflicts of interest which might exist, enable more efficient management of the businesses, appropriately capitalise the businesses and leverage the group's balance sheet in raising debt facilities.



BUSINESS COMBINATIONS *(continued)*
 FOR THE SIX MONTHS ENDED 30 JUNE 2014

Impact of the acquisitions on the results of the group

The acquired businesses did not contribute any attributable profit to the results as the acquisition was effective 30 June 2014.

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

Net assets acquired	Acquirees' carrying amount before combination at fair value R000
Property, plant and equipment	483 395
Intangibles	121 419
Interest in associate companies	(213)
Financial assets	28 020
Taxation	(21 671)
Working capital	84 461
Cash and bank	229 772
Non-controlling interest	55 633
Business combination reserve	12 341
Long-term liabilities	(336 619)
Post-retirement medical aid	(1 979)
Short-term borrowings	(122 595)
Deferred taxation	19 622
Total	551 586
Earnout	(72 800)
Less: disposal of investment in joint ventures	(219 621)
Less: profit on sale on disposal of investment in joint ventures	(421 278)
Goodwill and intangible assets arising on acquisition	855 245
Total purchase consideration	693 132
Cash acquired	(229 772)
Net assets acquired	463 360

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



ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

Following the decision to dispose of the commodity trading and Financial Services businesses, they have been classified as discontinued operations.

Summarised income statement from the discontinued operations

	Unaudited 30 June 2014 R000	Unaudited 30 June 2013 R000	Audited 31 December 2013 R000
Revenue	3 875 126	3 212 643	7 737 691
Earnings/(loss) before interest, taxation, depreciation and amortisation	98 457	32 425	(39 221)
Depreciation and amortisation	(6 216)	(3 615)	(7 258)
Operating profit/(loss) before interest and taxation	92 241	28 810	(46 479)
Non-trading items	(1 789)	6	(199 733)
Interest received	12 462	40 840	51 298
Interest paid	(40 032)	(58 920)	(112 323)
Profit/(loss) before share of joint venture and associate companies' profit	62 882	10 736	(307 237)
Share of joint venture companies' profit after taxation	–	7 489	884
Share of associate companies' profit after taxation	3 607	(1 382)	(7 275)
Profit/(loss) before taxation	66 489	16 843	(313 628)
Taxation	(24 315)	(6 900)	30 150
Profit/(loss) for the period	42 174	9 943	(283 478)

Cash flows from the discontinued operations are as follows

Net cash flows (utilised in)/generated from operating activities	(2 257 175)	(1 217 081)	2 587 396
Net cash flows utilised in investing activities	(37)	(145 492)	(404 054)
Net cash flows (utilised in)/generated from financing activities	(941 295)	394 798	547 892



ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

Summarised consolidated statement of financial position for the discontinued operations

as at 30 June 2014

	Unaudited 30 June 2014 R000	Unaudited 30 June 2013 R000	Audited 31 December 2013 R000
Ships, property, terminals, vehicles and equipment	286 852	730	63 667
Intangible assets	116 493	174	85 307
Investments in joint ventures	68 835	–	–
Investments in associates	12 936	–	3 952
Deferred taxation	96 670	14 755	96 101
Other investments and derivative financial assets	490 388	27 087	65 132
Total non-current assets	1 072 174	42 746	314 159
Loans and advances to bank customers	4 026 753	–	–
Liquid assets and short-term negotiable securities	1 036 042	–	–
Bank balances and cash	2 417 262	19 384	174 710
Other current assets	1 560 488	215 786	1 927 598
Total assets	10 112 719	277 916	2 416 467
Interest-bearing borrowings	36 281	–	69 219
Financial services funding instruments	1 070 169	–	–
Deferred taxation	10 250	–	461
Provision for post-retirement medical aid	–	3 822	–
Other non-current liabilities	16 785	–	54 236
Total non-current liabilities	1 133 485	3 822	123 916
Deposits from bank customers	5 878 016	–	–
Current interest-bearing borrowings	24 405	–	25 207
Financial services funding instruments	250 081	–	–
Other current liabilities	1 084 447	111 820	2 066 116
Total liabilities	8 370 434	115 642	2 215 239



BUSINESS REVIEW

Overview

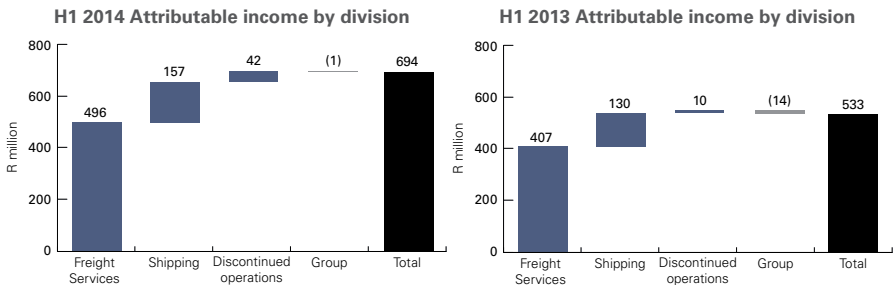
In the first half of 2014 Grindrod continued to make progress in optimising operational assets in line with its vision to create sustainable returns and long-term value for its stakeholders. The Maputo businesses continued to reflect good contributions despite adverse market conditions. Performance of the Shipping division was acceptable, notwithstanding delayed recovery resulting from continued weakness in global shipping markets. Financial Services improved their operating performance over the first half of 2014.

The Atlas operation was discontinued and is being wound down and sold according to plan. In order to optimise synergies, the remaining Trading operations, coal-trading, agricultural, minerals-handling and marine fuels businesses, have been incorporated in the Freight Services and Shipping divisions.

Financial Services is accounted as a discontinued operation following the conclusion of a memorandum of understanding (MOU) for the proposed acquisition of Financial Services, comprising Grindrod Bank and Grindrod Asset Management, by the Bidvest Group.

The group continued to focus on the further development and execution of various infrastructure projects, with specific focus on Maputo port, Matola terminal and Richards Bay terminal. Grindrod successfully raised equity capital of R2,4 billion (the Bookbuild Placement). Business alignment and efficiency improvements were achieved through the acquisition of the interests held by the group's long-term B-BBEE partners, Calulo Investments and Solethu Investments, in certain operating subsidiaries and joint ventures (the Acquisition). In conjunction with this, a consortium including Calulo Investments, Solethu Investments, Safika Holdings, Adopt-a-School Foundation and Brimstone Investment Corporation invested R1,6 billion in Grindrod at a holding level, providing for an 8,4 per cent B-BBEE ownership (the Consortium Placement).

The Acquisition and Consortium Placement were accounted for at 30 June 2014 with the final conditions completed before the listing of the shares on 29 July 2014.



Attributable earnings increased by 30 per cent to R693,7 million (H1 2013: R533,2 million). Non-trading items include the required raising of R430,6 million in earnings as a consequence of the change in control through the Acquisition. In addition, an impairment charge of R80 million was made against the carrying value of the transport fleet removed from use.

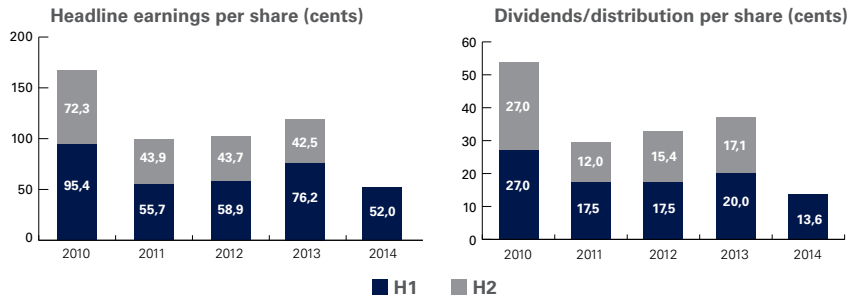
Headline earnings decreased by 29 per cent to R320,6 million (H1 2013: R450,5 million), with headline earnings per share decreasing by 32 per cent to 52,0 cents (H1 2013: 76,2 cents).

Earnings per share is calculated on a weighted average of 616 million shares, up from 591 million in 2013.

An interim ordinary dividend of 13,6 cents per share (H1 2013: 20,0 cents per share) has been declared.



BUSINESS REVIEW *(continued)*



Capital expenditure and commitments

R million	Capital expenditure		Capital commitments				Split as follows	
	H1 2014	H2 2014	2015	2016	2017+	Total	Approved not contracted	Approved and contracted
Freight Services	902	341	353	244	5	943	696	247
Ports and Terminals	58	169	283	-	-	452	332	120
Rail	456	61	70	244	5	380	336	44
Intermodal	132	83	-	-	-	83	-	83
Other logistics	256	28	-	-	-	28	28	-
Shipping	506	311	466	244	-	1 021	-	1 021
Dry-bulk	348	311	466	244	-	1 021	-	1 021
Tankers	158	-	-	-	-	-	-	-
Financial Services Group	3	-	-	-	-	-	-	-
	1	2	-	-	-	2	-	2
	1 412	654	819	488	5	1 966	696	1 270
Split as follows:								
Subsidiaries	1 081	443	354	28	5	830	455	375
Joint ventures	331	211	465	460	-	1 136	241	895

Capital continues to be committed to the strategic investment areas of port, terminal and rail infrastructure as well as the dry-bulk shipping fleet.

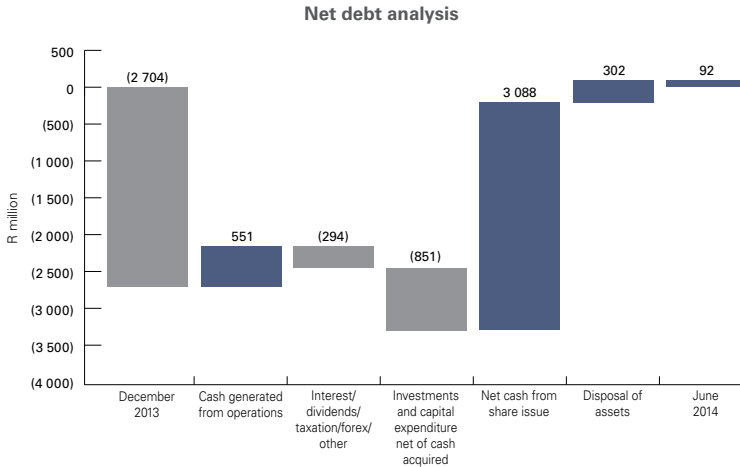
Total capital and investment expenditure was R1,4 billion (2013 H1: R1,0 billion), of which 94 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the acquisition of 12 dry-bulk ships in the tripartite joint venture, the Acquisition, increased investment into the rail concession business, locomotives and expansion in the intermodal business.

Future capital continues to be committed to the expansion of terminal capacity, rail infrastructure, locomotives and ships.



Cash flow and borrowings

Cash flow and borrowings reflect net cash of R92 million (2013 net debt: R2,7 billion), reflecting the inflow of equity funds raised over the period. Operating profit before working capital adjustments was R505,2 million (H1 2013 restated: R379,8 million). Working capital contributed to a net inflow of R45,4 million (H1 2013 restated: R127,2 million outflow).



Statement of financial position

With total assets of R30,4 billion (December 2013: R28,4 billion) and no net debt (net debt:equity December 2013: 22 per cent), the group's financial position is strong. Book net asset value per share is R21,25 (December 2013: R19,26).

Shareholders' equity increased to 762 053 314 shares in issue (December 2013: 600 765 314). The increase is attributable to the successful completion of the Bookbuild Placement of 96 000 000 shares in May 2014, the issue of 1 288 000 shares as part of the Acquisition, and the Consortium Placement of 64 000 000 shares in July 2014.

Divisional operating reviews

The Grindrod operating divisions integrate to move cargo by rail, road, sea and air, using specialised assets and infrastructure focused on dry-bulk and liquid-bulk commodities, vehicles and containers. Complementary services that add value to this logistics chain are commodity sourcing, grading, processing, blending, storage, financing and sales.

Freight Services

The division generated earnings of R495,5 million in the six months ended 30 June 2014. This included a profit of R314,9 million on the Acquisition and an impairment of R80 million in the carrying value of the truck fleet in carrier services, comprising of the fuel and automotive businesses. Challenging market and trading conditions, as a result of weak commodity prices, industrial action, a decline in imports and lower fuel demand, resulted in a decline of 21 per cent in current earnings from trading activities of R261,1 million compared to performance in the comparable period in 2013 (H1 2013 restated: R331,3 million).



BUSINESS REVIEW *(continued)*

Ports, Terminals, Rail and Seafreight

Ports, Terminals, Rail and Seafreight achieved earnings from trading activities of R222,8 million before the profit on the Acquisition (H1 2013 restated: R270,2 million before the profit of R75,8 million on the sale of Grindrod Tank Terminals to Oiltanking Grindrod Calulo Holdings), a decrease of 18 per cent from the prior period.

Volumes at Matola terminal increased by 19 per cent to 1,7 million tonnes (H1 2013: 1,5 million tonnes), as magnetite volumes ameliorated the reduced coal supply. The Maputo main port terminal similarly reported strong magnetite volume performance. An oversupply of seaborne thermal coal, still pricing at breakeven levels for many coal producers, impacted negatively on terminal volumes in the period. Volumes at Richards Bay terminal decreased by 17 per cent to 1,6 million tonnes (H1 2013: 1,9 million tonnes).

The adverse impact of declining vehicle imports and exports on volumes at the Maputo car terminal were minimised through an increased focus on transshipments, vehicle storage and direct vehicle imports into Mozambique.

The rail business, comprising locomotive construction, track construction and signalling, suffered from the delay or cancellation of projects from which anticipated orders were expected. Volumes were soft in the operating businesses. The leasing business continues to perform ahead of expectations.

Seafreight operations reflected solid performance following the expansion of the business into container handling operations in Durban and the extension of the feeder service into Mozambique.

A focus on driving a cost-effective logistics solution on the Rosslyn/Maputo corridor and a continued focus on transshipments, vehicle storage and direct imports into Mozambique will mitigate the impact of projected low vehicle sales in South Africa on the Maputo car terminal.

Rail infrastructure demand remains underpinned by projects under development relating to general freight, commodity-backed projects and government and direct foreign investment expenditures.

Logistics

Logistics earnings from trading activities of R38,3 million before the profit on the Acquisition (H1 2013 restated: R61,1 million) were 37 per cent lower than the prior period.

Automotive business benefited from focused cost-saving and efficiency measures which were introduced to mitigate the slow-down in vehicle volumes. Further restructuring of the fuel carrier business is progressing.

Intermodal, the ships agency and clearing and forwarding businesses, witnessed material volume reductions compared to the prior year. Volumes were impacted by reduced imports following the rand weakening and reduced exports following the extended industrial action in the platinum sector.

Improved volumes following the cessation of the industrial action in the mining industry and importers executing on delayed imports will support earnings in the logistics business going forward.

In the agricultural sector, earnings from Senwes and NWK were impacted by lower storage and retail activity attributable to poor crops in the previous three harvesting seasons. These operations are positioned to generate improved earnings following the harvesting of bumper crops in the current season. The agricultural commodity positions in Atlas were closed out during the year.

Shipping

Earnings of R157,3 million in the Shipping division (H1 2013 restated: R130,2 million) included a profit of R115,8 million on the Acquisition and negative goodwill of R23,2 million. Included in the prior period is a once-off profit on the cancellation of three long-term charters of R134,3 million. Removing these items, the division's earnings increased from a loss of R4,1 million in the prior year to a profit of R18,3 million.



Rates achieved in the dry-bulk segment were higher than in the corresponding period in the previous year. However, reduced imports and the rapid shale-gas extractions in the United States had a material adverse influence on sea-mile tonnages and corresponding rates in the tanker segment.

Operational efficiencies and good pool performance supported average daily earnings, which once again, outperformed average spot-market rates across all sectors. The medium-range products tankers under Vitol commercial management continued to produce above-market earnings. However, current rates in both dry-bulk and tanker sectors remain well below profitable levels.

The ship operating business continued with its solid performance, driven by steady performances in the parcel service and the South African coastal tanker operations.

The marine fuels business reflected an improvement in volumes, but earnings were suppressed by product oversupply, increased competition, stagnant growth in the European region and reduced fleet utilisation aggravated by slow steaming.

The shipping fleet decreased to 34,8 at end-June 2014 from 37,5 at end-December 2013. A medium-range products tanker and a handysize dry-bulk carrier were sold and a chartered capesize dry-bulk carrier was redelivered during the period. In May 2014, the division took delivery of a 32 768 dwt dry-bulk carrier in the recently established tripartite joint venture, being the first of 12 Japanese-built next-generation fuel- and emissions-efficient (eco) ships for which orders have been placed. In addition to the orders placed for five long-term charter Japanese-built and -owned eco supramax bulk carriers in 2013 for delivery from the end of 2014 onwards, an order was placed for the acquisition of a long-term chartered Japanese-built and -owned eco supramax dry-bulk carrier for delivery in 2016.

Pressure on dry-bulk rates is anticipated to continue in the short term; however, rates are expected to improve going forward into 2015 as the increase in global dry-bulk seaborne trade growth outstrips net fleet increases, especially in the smaller handysize sector. In the tanker division, rates are expected to remain under pressure due to the continued uncertainty influencing trade patterns resulting from the rapid development of American shale gas allied to a large newbuilding order book.

The outlook for the marine fuels business remains fundamentally stable and continued focus is placed on operational optimisation.

Financial Services (discontinued operation)

Continued growth across all areas in the Financial Services division saw attributable profit increase by 99 per cent in the period, from R47,8 million in H1 2013 to R94,9 million in H1 2014.

The property portfolio reflected good valuation growth with associated realised and unrealised profits.

The retail business continues to operate smoothly with optimisation of the operating structure promoting improved earnings associated with payments to 9,8 million South African Social Security Agency (SASSA) customers per month. The Bank maintains engagement with SASSA, Payments Association of South Africa (PASA) and Net1 to promote a favourable outcome pursuant to the findings of the Constitutional Court.

Grindrod Asset Management's investment philosophy, focused on the two fundamental drivers of long-term investment return, income yield and income growth, continues to yield positive results that exceed benchmarks as evidenced in the Raging Bull Award received in the 'Best Performance in Real Estate' category for the Nedgroup Investments Property Fund.

Further growth in asset management was facilitated through the launch of two additional low-cost equity exchange-traded funds (ETFs), based on 'smart beta' themes, under the exclusive licence of S&P Dow Jones Indices, with which the Bank recently aligned. Third-party assets under management grew by six per cent to R13,0 billion since end-December 2013.



BUSINESS REVIEW *(continued)*

Credit and liquidity positions remain sound with the Bank reflecting a capital adequacy ratio of 12,7 per cent at period-end. Financial Services funding, excluding SASSA deposits of R1,4 billion, increased by 27 per cent to R5,2 billion, with advances increasing by 11 per cent to R4,1 billion.

The solid foundation laid by the Financial Services division provides a basis for sustainable growth across its business.

Fee income from the SASSA card base will continue to positively impact the division's earnings.

Continued economic stimulus, low interest rates, albeit subject to marginal upward pressure and an improved global growth outlook stimulate investment in non-banking asset classes, which provide a basis for improved returns in managed assets and property.

The introduction of material private equity investment in the UK property private equity fund launched in 2013 presents opportunities for improved earnings through further expansion in this market. Further growth in the ETF market is also anticipated, with the Bank actively promoting passive investment in line with international investment trends.

Basis of preparation

The summarised consolidated financial information has been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS), 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 Listings Requirements of the JSE Limited, the information as required by IAS 34 Interim Financial Reporting and the requirements of the South African Companies Act, 71 of 2008.

Following the decision to dispose of the commodity trading and Financial Services businesses, they have been classified as discontinued operations. The impact of the restatement has been included in the discontinued operations note. In addition, the June 2013 comparative information has been restated for the treatment of the acquisition of a joint venture in terms of IAS 28 Investments in Associates and Joint Ventures. In the prior year, this acquisition was accounted for in terms of IFRS 3 Business Combinations and had no impact on profit/loss.

The accounting for the acquisitions and disposals made by the group has been provisionally determined as at 30 June 2014. At the date of finalisation of these results, the necessary market values and other calculations had not been finalised and they have therefore been provisionally determined based on the directors' best estimate of the likely values.

These unaudited summarised consolidated interim results have been prepared under the supervision of the group financial director, AG Waller, CA(SA).

Statements contained throughout this announcement regarding the prospects of the group have not been reviewed or reported on by the group's external auditors.

The unaudited interim summarised consolidated results were approved by the board of directors on 20 August 2014.



Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the summarised consolidated interim financial statements are in terms of IFRS and are consistent with those of the consolidated annual financial statements for the year ended 31 December 2013.

Post balance sheet events

There are no material post balance sheet events to report.

Prospects

Grindrod is well positioned to further capitalise on its opportunities using its extensive experience in the logistics value chain, respected brand and shareholder support. Current depressed shipping rates will put pressure on earnings in the near term.

For and on behalf of the board

MJ Hankinson
Chairman

AK Olivier
Chief Executive Officer



DECLARATION OF INTERIM DIVIDEND

Preference dividend

Notice is hereby given that an interim gross dividend of 389,0 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (H1 2013: 371,0 cents) has been declared for the six-month period ended 30 June 2014, payable to preference shareholders in accordance with the timetable below.

At 30 June 2014, there are 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares in issue. The net preference dividend is 330,65000 cents per share for preference shareholders who are not exempt from dividends tax.

Ordinary dividend

Notice is hereby given that an interim gross dividend of 13,6 cents per ordinary share (H1 2013: 20,0 cents) has been declared out of income reserves for the six-month period ended 30 June 2014, payable to ordinary shareholders in accordance with the timetable below.

At 30 June 2014, there were 696 765 314 ordinary shares in issue. On 29 July 2014, a total of 65 288 000 ordinary shares were allotted and issued pursuant to the Acquisition and Consortium Placement, resulting in the total number of ordinary shares after allotment of 762 053 314. The net ordinary dividend is 11,56000 cents per share for ordinary shareholders who are not exempt from dividends tax.

With respect to the preference and ordinary dividend, in terms of the dividend tax effective since 1 April 2012, the following additional information is disclosed:

- The local dividend tax rate is 15 per cent;
- No STC credits will be utilised for the interim ordinary or preference dividend; and
- Grindrod Limited's tax reference number is 9435/490/71/0.

Timetable

Declaration date	Thursday, 21 August 2014
Last day to trade cum dividend	Friday, 12 September 2014
Shares commence trading ex dividend	Monday, 15 September 2014
Record date	Friday, 19 September 2014
Dividend payment date	Monday, 22 September 2014

No dematerialisation or rematerialisation of shares will be allowed for the period Monday, 15 September 2014, to Friday, 19 September 2014, both days inclusive.

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

By order of the board

Mrs Cl Lewis

Group Company Secretary

20 August 2014



CORPORATE INFORMATION

MJ Hankinson (Chairman)**, AK Olivier (Chief Executive Officer), H Adams**, AC Brahde** (Norwegian), JJ Durand*, MR Faku*, WD Geach**, GG Gelink**, IM Groves**, DA Polkinghorne, DA Rennie, NL Sowazi**, PJ Uys (Alternate)*, MR Wade (British), AG Waller (Group Financial Director), SDM Zungu**
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Share code: GND & GNDP

ISIN: ZAE000072328 and ZAE000071106

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

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