



GRINDROD
LIMITED

UNAUDITED INTERIM RESULTS AND
DIVIDEND ANNOUNCEMENT
for the six months ended 30 June 2015



an integrated business



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HIGHLIGHTS

The group continued to position itself for long-term growth, progressing the strategic capital projects and making further investments, expanding its integrated source-to-destination logistics services, in both commodity and geographic diversification.

- EBITDA remained flat at R943 million, inclusive of joint ventures (H1 2014: R945 million)
- Headline earnings up 2% to R327.9 million (H1 2014: R320.6 million)
- Headline earnings per share down 16% to 43.6 cents (H1 2014: 52.0 cents)
- Earnings per share down 64% to 40.3 cents (H1 2014: 112.5 cents)
- Net asset value per share up to 2 316 cents (H1 2014: 2 125 cents)
- Interim ordinary dividend per share remains unchanged at 13.6 cents per share (H1 2014: 13.6 cents)
- Net cash R88.8 million (H1 2014: R244.8 million)
- Weighted average number of ordinary shares in issue up 22% to 751.6 million (H1 2014: 616.3 million)



CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2014* R000 | Audited 31 December 2014 R000 |
|--|--------------------------------------|---------------------------------------|--|
| Revenue | 5 066 427 | 8 245 901 | 13 912 482 |
| Earnings before interest, taxation, depreciation and amortisation | 605 932 | 604 702 | 1 166 011 |
| Depreciation and amortisation | (321 472) | (253 787) | (547 143) |
| Operating profit before interest and taxation | 284 460 | 350 915 | 618 868 |
| Non-trading items | (23 528) | 369 556 | 235 256 |
| Interest received | 127 256 | 78 615 | 234 687 |
| Interest paid | (118 547) | (123 482) | (216 621) |
| Profit before share of joint venture and associate companies' profit | 269 641 | 675 604 | 872 190 |
| Share of joint venture companies' profit after taxation | 151 615 | 146 698 | 314 265 |
| Share of associate companies' profit after taxation | 17 806 | 23 038 | 83 145 |
| Profit before taxation | 439 062 | 845 340 | 1 269 600 |
| Taxation | (107 890) | (108 907) | (193 623) |
| Net profit for the period | 331 172 | 736 433 | 1 075 977 |
| Attributable to: | | | |
| Ordinary shareholders | 303 216 | 693 656 | 1 001 191 |
| Preference shareholders | 29 870 | 28 804 | 59 094 |
| Owners of the parent | 333 086 | 722 460 | 1 060 285 |
| Non-controlling interests | (1 914) | 13 973 | 15 692 |
| | 331 172 | 736 433 | 1 075 977 |
| Exchange rates (R/US\$) | | | |
| Opening exchange rate | 11.57 | 10.55 | 10.55 |
| Closing exchange rate | 12.17 | 10.64 | 11.57 |
| Average exchange rate | 11.92 | 10.73 | 10.88 |

* Restated to disclose the Commodity Logistics businesses and Financial Services division as continuing operations.



| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2014 R000 | Audited 31 December 2014 R000 |
|---|--------------------------------------|--------------------------------------|--|
| Reconciliation of headline earnings | | | |
| Profit attributable to ordinary shareholders | 303 216 | 693 656 | 1 001 191 |
| Adjusted for: | 24 650 | (373 093) | (271 804) |
| Impairment of goodwill | – | – | 20 000 |
| Impairment of other investments | 25 000 | – | 64 759 |
| Impairment of ships, intangibles, plant and equipment | 4 004 | 83 802 | 233 396 |
| Net profit on disposal of investments | (2 389) | (424 352) | (436 169) |
| Net (profit)/loss on disposal of plant and equipment | (318) | 469 | 6 023 |
| Negative goodwill realised | (2 645) | (23 187) | (23 521) |
| Foreign currency translation reserve release | (124) | (6 289) | (99 744) |
| Joint ventures: | | | |
| Foreign currency translation reserve release | 2 254 | – | – |
| Net (profit)/loss on disposal of plant and equipment | (11) | (3 536) | 162 |
| Impairment of ships, plant and equipment | – | – | 3 698 |
| Total taxation effects of adjustments | (1 121) | – | (40 408) |
| Headline earnings | 327 866 | 320 563 | 729 387 |
| Ordinary share performance | | | |
| Number of shares in issue less treasury shares (000s) | 751 479 | 752 874 | 751 619 |
| Weighted average number of shares (basic) (000s) | 751 585 | 616 344 | 678 348 |
| Diluted weighted average number of shares (000s) | 754 375 | 620 300 | 681 330 |
| Earnings per share: (cents) | | | |
| Basic | 40.3 | 112.5 | 147.6 |
| Diluted | 40.2 | 111.8 | 146.9 |
| Headline earnings per share: (cents) | | | |
| Basic | 43.6 | 52.0 | 107.5 |
| Diluted | 43.5 | 51.7 | 107.1 |
| Dividends per share: (cents) | | | |
| Interim | 13.6 | 13.6 | 13.6 |
| Final | – | – | 20.0 |
| Dividend cover (headline) (times) | 3.2 | 3.8 | 3.2 |

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2014 R000 | Audited 31 December 2014 R000 |
|--|--------------------------------------|--------------------------------------|--|
| Profit for the period | 331 172 | 736 433 | 1 075 977 |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to profit and loss | | | |
| Exchange differences on translating foreign operations | 516 701 | 71 461 | 844 873 |
| Net movement in cash flow hedges | 33 045 | 217 | (77 368) |
| Business combination acquisition | (901) | – | (1 455) |
| Items that will not be reclassified subsequently to profit and loss | | | |
| Actuarial gains | – | – | 1 147 |
| Total comprehensive income for the period | 880 017 | 808 111 | 1 843 174 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | 881 939 | 793 998 | 1 827 181 |
| Non-controlling interest | (1 922) | 14 113 | 15 993 |
| | 880 017 | 808 111 | 1 843 174 |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2014 R000 | Audited 31 December 2014 R000 | | | |
|--|--------------------------------------|--------------------------------------|--|----------------------------|-----------------------------|--------------------------------|
| Ships, property, terminals, vehicles and equipment | 7 340 814 | 6 831 332 | 7 328 376 | | | |
| Intangible assets | 1 532 342 | 1 508 576 | 1 552 439 | | | |
| Investments in joint ventures | 4 072 215 | 3 517 010 | 3 883 263 | | | |
| Investments in associates | 871 047 | 807 683 | 849 303 | | | |
| Deferred taxation | 208 986 | 90 536 | 191 704 | | | |
| Other investments and derivative financial assets | 1 334 925 | 617 840 | 1 175 380 | | | |
| Recoverables on cancelled ships | – | 258 457 | 300 723 | | | |
| Total non-current assets | 15 360 329 | 13 631 434 | 15 281 188 | | | |
| Loans and advances to bank customers | 4 678 322 | – | 4 306 693 | | | |
| Liquid assets and short-term negotiable securities | 1 237 986 | – | 990 024 | | | |
| Bank balances and cash | 5 164 120 | 2 599 648 | 7 404 912 | | | |
| Other current assets | 4 947 656 | 4 069 975 | 4 303 617 | | | |
| Non-current assets held for sale | 308 225 | 10 112 719 | 513 586 | | | |
| Total assets | 31 696 638 | 30 413 776 | 32 800 020 | | | |
| Shareholders' equity | 18 107 901 | 16 678 673 | 17 432 296 | | | |
| Non-controlling interests | 41 052 | 62 115 | 48 185 | | | |
| Total equity | 18 148 953 | 16 740 788 | 17 480 481 | | | |
| Interest-bearing borrowings | 1 912 946 | 2 108 496 | 2 263 292 | | | |
| Financial services funding instruments | 324 408 | – | 362 717 | | | |
| Deferred taxation | 187 842 | 125 732 | 131 643 | | | |
| Other non-current liabilities | 107 018 | 148 225 | 156 665 | | | |
| Non-current liabilities | 2 532 214 | 2 382 453 | 2 914 317 | | | |
| Deposits from bank customers | 6 486 472 | – | 7 809 523 | | | |
| Current interest-bearing borrowings | 1 322 142 | 574 705 | 1 232 421 | | | |
| Financial services funding instruments | 941 729 | – | 922 550 | | | |
| Other liabilities | 2 174 368 | 2 345 396 | 2 322 993 | | | |
| Non-current liabilities associated with assets held for sale | 90 760 | 8 370 434 | 117 735 | | | |
| Total equity and liabilities | 31 696 638 | 30 413 776 | 32 800 020 | | | |
| Net worth per ordinary share – at book value (cents) | 2 316 | 2 125 | 2 227 | | | |
| Net debt:equity ratio | (0.01):1 | (0.01):1 | (0.03):1 | | | |
| Capital expenditure | 232 966 | 1 080 555 | 1 645 526 | | | |
| | 30 June 2015 R000 | 30 June 2015 US\$000 | 30 June 2014 R000 | 30 June 2014 US\$000 | 31 December 2014 R000 | 31 December 2014 US\$000 |
| Capital commitments | 132 055 | 57 735 | 230 312 | 56 806 | 82 500 | 15 561 |
| Authorised by directors and contracted for | 87 055 | 53 749 | 139 154 | 22 206 | 81 290 | 15 561 |
| Due within one year | 70 330 | 52 241 | 138 291 | 19 754 | 79 974 | 517 |
| Due thereafter | 16 725 | 1 508 | 863 | 2 452 | 1 316 | 15 044 |
| Authorised by directors not yet contracted for | 45 000 | 3 986 | 91 158 | 34 600 | 1 210 | – |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2014* R000 | Audited 31 December 2014* R000 |
|--|--------------------------------------|---------------------------------------|---|
| Operating profit before working capital changes | 673 901 | 505 223 | 1 222 860 |
| Working capital changes* | 3 600 | 166 639 | 619 164 |
| Cash generated from operations | 677 501 | 671 862 | 1 842 024 |
| Net interest paid | (8 933) | (64 867) | (34 563) |
| Net dividends paid | (49 126) | (117 257) | (170 107) |
| Taxation paid | (114 851) | (93 338) | (223 789) |
| | 504 591 | 396 400 | 1 413 565 |
| Net bank advances to customers and other short-term negotiables | (1 942 642) | (2 480 671) | (783 085) |
| Deposits – Retail Banking | (1 785 324) | (2 461 848) | (768 862) |
| Other | (157 318) | (18 823) | (14 223) |
| Net cash flows (utilised in)/generated from operating activities before ship sales and purchases | (1 438 051) | (2 084 271) | 630 480 |
| Refund on ships under construction cancelled | 315 477 | – | – |
| Proceeds on disposal of ships | 158 414 | 233 149 | 234 317 |
| Cash payments on ship options exercised | – | (115 390) | (116 221) |
| Capital expenditure on ships | (7 773) | (15 405) | (192 694) |
| Net cash flows (utilised in)/generated from operating activities | (971 933) | (1 981 917) | 555 882 |
| Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment | (274 325) | (602 748) | (955 954) |
| Net (outflow)/proceeds from disposal of property, terminals, vehicles, equipment and investments | (8 358) | 32 403 | 383 273 |
| Net receipt from/(payments made to acquire) finance lease receivables | 1 559 | (66 151) | (4 834) |
| Intangible assets acquired | (2 035) | (11 170) | (58 248) |
| Proceeds from disposal of intangible assets | 957 | 304 | – |
| Funds advanced to joint ventures and associate companies* | (530 104) | (85 359) | (327 486) |
| Acquisition of preference share investment | – | (400 000) | (400 000) |
| Acquisition of additional investments in subsidiaries, joint ventures and associates | (64 066) | (77 460) | (183 634) |
| Net cash flows utilised in investing activities | (876 372) | (1 210 181) | (1 546 883) |
| Net proceeds from issue of ordinary share capital | 6 255 | 3 488 335 | 3 978 573 |
| Acquisition of treasury shares | (19 027) | – | (37 563) |
| Proceeds from disposal of treasury shares | – | – | 144 |
| Long-term interest-bearing debt raised | 67 075 | 199 720 | 726 945 |
| Payment of capital portion of long-term interest-bearing debt | (617 201) | (491 260) | (1 080 843) |
| Short-term interest-bearing debt raised/(repaid) | 40 063 | (1 329 631) | (1 588 273) |
| Net cash flows (utilised in)/generated from financing activities | (522 835) | 1 867 164 | 1 998 983 |
| Net (decrease)/increase in cash and cash equivalents | (2 371 140) | (1 324 934) | 1 007 982 |
| Cash and cash equivalents at beginning of the period | 7 188 626 | 6 131 503 | 6 131 503 |
| Difference arising on translation | 46 461 | (3 807) | 49 141 |
| Cash and cash equivalents at end of the period | 4 863 947 | 4 802 762 | 7 188 626 |

* The comparative consolidated statement of cash flows has been restated to disclose funds provided to joint ventures as investing activities in terms of IAS 7: Statement of Cash Flows.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2014 R000 | Audited 31 December 2014 R000 |
|--|--------------------------------------|--------------------------------------|--|
| Share capital and share premium | 5 977 044 | 6 027 860 | 5 982 924 |
| Balance at beginning of the period | 5 982 924 | 2 036 992 | 2 036 992 |
| Share options vested | 6 892 | – | 4 778 |
| Share issue | 6 255 | 3 990 868 | 3 978 573 |
| Treasury shares acquired | (19 027) | – | (37 563) |
| Treasury shares sold | – | – | 144 |
| Preference share capital | 2 | 2 | 2 |
| Balance at beginning of the period | 2 | 2 | 2 |
| Equity compensation reserve | 57 802 | 56 937 | 57 566 |
| Balance at beginning of the period | 57 566 | 50 551 | 50 551 |
| Share-based payments | 7 128 | 6 386 | 11 793 |
| Share options vested | (6 892) | – | (4 778) |
| Foreign currency translation reserve | 3 175 921 | 1 980 759 | 2 661 342 |
| Balance at beginning of the period | 2 661 342 | 1 916 514 | 1 916 514 |
| Foreign currency translation realised | (2 130) | (6 289) | (99 744) |
| Foreign currency translation adjustments | 516 709 | 70 534 | 844 572 |
| Other non-distributable statutory reserves | (108 618) | (34 487) | (123 092) |
| Balance at beginning of the period | (123 092) | (23 151) | (23 151) |
| Financial instrument hedge settlement | 27 589 | – | – |
| Foreign currency translation adjustments | (5 053) | 787 | (1 455) |
| Fair value adjustment on hedging reserve | 9 608 | 217 | (76 975) |
| Deferred tax effect on cash flow hedge | – | – | (393) |
| Net business combination acquisition | (17 670) | (12 340) | (21 118) |
| Movement in accumulated profit | 9 005 750 | 8 647 602 | 8 853 554 |
| Balance at beginning of the period | 8 853 554 | 8 055 520 | 8 055 520 |
| Actuarial gains recognised | – | – | 1 147 |
| Profit for the period | 333 086 | 722 460 | 1 060 285 |
| Ordinary dividends paid | (151 020) | (101 574) | (204 304) |
| Preference dividends paid | (29 870) | (28 804) | (59 094) |
| Total interest of shareholders of the company | 18 107 901 | 16 678 673 | 17 432 296 |
| Equity attributable to non-controlling interests of the company | 41 052 | 62 115 | 48 185 |
| Balance at beginning of the period | 48 185 | 96 239 | 96 239 |
| Foreign currency translation adjustments | (8) | 140 | 301 |
| Business acquisitions | – | 13 211 | 21 548 |
| Non-controlling interest disposed | (1 494) | (55 633) | (78 685) |
| (Loss)/profit for the period | (1 914) | 13 973 | 15 692 |
| Dividends paid | (3 717) | (5 815) | (6 910) |
| Total equity attributable to shareholders of the company | 18 148 953 | 16 740 788 | 17 480 481 |

SEGMENTAL ANALYSIS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2014* R000 | Audited 31 December 2014 R000 |
|--|--------------------------------------|---------------------------------------|--|
| Revenue | | | |
| Freight Services | 2 603 574 | 2 569 792 | 5 653 512 |
| Shipping | 11 382 230 | 10 816 309 | 22 106 063 |
| Financial Services | 238 308 | 188 663 | 376 912 |
| Group | 216 426 | 3 690 849 | 4 580 465 |
| | 14 440 538 | 17 265 613 | 32 716 952 |
| Segmental adjustments ** | (9 374 111) | (9 019 712) | (18 804 470) |
| | 5 066 427 | 8 245 901 | 13 912 482 |
| Earnings before interest, taxation, depreciation and amortisation | | | |
| Freight Services | 561 616 | 544 991 | 1 053 611 |
| Shipping | 376 031 | 271 659 | 638 913 |
| Financial Services | 109 530 | 142 139 | 175 210 |
| Group | (104 188) | (13 890) | (42 750) |
| | 942 989 | 944 899 | 1 824 984 |
| Segmental adjustments ** | (337 057) | (340 197) | (658 973) |
| | 605 932 | 604 702 | 1 166 011 |
| Operating profit/(loss) before interest and taxation | | | |
| Freight Services | 367 020 | 395 489 | 732 073 |
| Shipping | 153 063 | 71 677 | 227 421 |
| Financial Services | 107 276 | 140 419 | 171 401 |
| Group | (106 839) | (19 967) | (58 597) |
| | 520 520 | 587 618 | 1 072 298 |
| Segmental adjustments ** | (236 060) | (236 703) | (453 430) |
| | 284 460 | 350 915 | 618 868 |
| Share of associate companies' profit after taxation | | | |
| Freight Services | 17 806 | 19 431 | 79 538 |
| Group | – | 3 607 | 3 607 |
| | 17 806 | 23 038 | 83 145 |
| Profit/(loss) attributable to ordinary shareholders | | | |
| Freight Services | 177 536 | 470 434 | 613 269 |
| Shipping | 97 258 | 182 382 | 223 765 |
| Financial Services | 73 877 | 94 931 | 111 979 |
| Group | (45 455) | (54 091) | 52 178 |
| | 303 216 | 693 656 | 1 001 191 |

* The prior period has been restated to disclose the Commodity Logistics businesses and Financial Services division as continuing operations and a change in basis of segmentation.

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



FAIR VALUE OF FINANCIAL INSTRUMENTS

AS AT 30 JUNE 2015

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)

| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2015 R000 | Unaudited 30 June 2015 R000 | Unaudited 30 June 2015 R000 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Derivative financial assets | – | 318 | – | 318 |
| Financial assets designated at fair value through profit or loss | 29 252 | 289 459 | 565 178 | 883 889 |
| Total | 29 252 | 289 777 | 565 178 | 884 207 |
| Financial liabilities | | | | |
| Derivative financial instruments | – | (54 833) | – | (54 833) |
| Total | – | (54 833) | – | (54 833) |
| | Unaudited 30 June 2014 R000 | Unaudited 30 June 2014 R000 | Unaudited 30 June 2014 R000 | Unaudited 30 June 2014 R000 |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Derivative financial assets | – | 54 793 | – | 54 793 |
| Derivative financial assets [^] | – | 68 866 | – | 68 866 |
| Financial assets designated at fair value through profit or loss [^] | 32 615 | 271 802 | 388 992 | 693 409 |
| Total | 32 615 | 395 461 | 388 992 | 817 068 |
| Financial liabilities | | | | |
| Derivative financial instruments | – | (4 883) | – | (4 883) |
| Derivative financial instruments [^] | – | (16 785) | – | (16 785) |
| Total | – | (21 668) | – | (21 668) |

[^] Included in assets classified as held-for-sale.

FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

AS AT 30 JUNE 2015

| | Audited 31 December 2014 R000 | Audited 31 December 2014 R000 | Audited 31 December 2014 R000 | Audited 31 December 2014 R000 |
|--|--|--|--|--|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Financial assets designated at fair value through profit or loss | 23 762 | 252 999 | 435 392 | 712 153 |
| Total | 23 762 | 252 999 | 435 392 | 712 153 |
| Financial liabilities | | | | |
| Derivative financial instruments | – | (88 540) | – | (88 540) |
| Total | – | (88 540) | – | (88 540) |

Reconciliation of Level 3 fair value measurements of financial assets

| | Unaudited 30 June 2015 R000 | Unaudited 30 June 2014 R000 | Audited 31 December 2014 R000 |
|------------------------|--------------------------------------|--------------------------------------|--|
| Opening balance | 435 392 | 342 501 | 342 501 |
| Additions | 120 989 | 18 069 | 51 402 |
| Disposals | (5 757) | (102) | (19 803) |
| Profit and loss | 14 554 | 28 524 | 61 292 |
| Closing balance | 565 178 | 388 992 | 435 392 |

CONTINGENT ASSETS/LIABILITIES

AS AT 30 JUNE 2015

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R5 390 349 000 (December 2014: R6 263 550 000) of which R2 446 839 000 (December 2014: R2 231 427 000) had been utilised at the end of the period.

The company has guaranteed charter-hire payments of subsidiaries amounting to R1 143 586 000 (December 2014: R1 137 690 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2015 to 2022.

On 2 July 2015, as a result of the decline in the share price, Grindrod placed R107 462 326 on deposit as security with the funders of the BEE consortium to secure the structure. Grindrod continues to have the ability, but no obligation, to increase its funding within the structure should the current lenders wish to exit.

BUSINESS REVIEW

Overview

The volatile markets and slow economies experienced in the first half of 2015 presented Grindrod with numerous opportunities and challenges.

Lower oil prices resulted in good earnings for the recently increased owned tanker fleet. The increased volumes also benefited the Marine-Fuels business, which was expanded in the prior year to increase coverage in the Far East.

The continued weak dry-bulk shipping market, in part as a result of oversupplied tonnage, together with a significant Madagascar contract win, presented ship operating with the opportunity to improve its performance. The owned dry-bulk fleet suffered, with rates remaining well below the cost base.

The southern African Container Feeder and Coastal Tanker business performed well on increased volumes.

Weak commodity prices affected volume through the mineral terminals despite good support from corridor partners. The ability to substitute magnetite and coal has been of great benefit. The port of Maputo did well to offset the reduced subconcession volumes with significant chrome shipments. Financial close on the port capital dredge and the berth offset project is expected in the fourth quarter of 2015, with all internal approvals complete. The project will boost the competitiveness of the port, and the phase 4 expansion of the Matola magnetite terminal will follow on improved demand. The Richards Bay expansion to 4.5 million tonnes per annum should be complete in the first quarter of 2016. Regulatory delays on the Coega liquid-bulk terminal development have delayed construction and commencement of construction is expected in the first quarter 2016.

The weaker commodity prices also impacted the Rail businesses negatively. Notwithstanding this, new locomotive orders have been signed for second half delivery. Progress on delivering a sustainable solution on the north-south rail corridor and the north-west rail project is hampered by significant excess road haul capacity. Development of a rail siding in Chingola, Zambia, will assist with the solution. The recovery of the Sierra Leone leased locomotive position (force majeure declared by lessee) was an important achievement. Delays in the award of tenders have impacted earnings in the Rail Construction and Signalling businesses.

The Integrated Logistics business performed positively despite the closure of the Minerals Intermodal business and low volumes through the new Maputo Intermodal facility. Earnings were boosted by profitable contracts acquired in the clearing and forwarding business. The new Denver facility in Johannesburg is operational and the rail siding will be complete by year-end.

Carrier Logistics businesses similarly performed well, producing profits in both the automotive and fuel markets on lower volumes, following the rightsizing and productivity improvement initiatives in the prior year.

The Agricultural Logistics business, after good capacity utilisation and following the bumper crop in the prior year, is experiencing much reduced utilisation due to the droughts in 2015.

All the Financial Services businesses are performing well and key drivers of assets under management, core funding and advances showed good increases.

Headline earnings increased by two per cent to R327.9 million (H1 2014: R320.6 million), with headline earnings per share decreasing by 16 per cent to 43.6 cents (H1 2014: 52.0 cents). Attributable earnings of R303.2 million is below prior period earnings of R693.7 million, largely as a consequence of the profit that was recognised on the acquisition of the minority interests in the B-BBEE joint ventures in the prior period.

Earnings per share is calculated on a weighted average of 751.6 million shares (H1 2014: 616.3 million shares) primarily as a result of the 161.3 million shares issued in the prior period. Earnings per share is down 64 per cent to 40.3 cents (H1 2014: 112.5 cents).

The interim ordinary dividend remains unchanged from the prior period and has been declared at 13.6 cents per share.

BUSINESS REVIEW *(continued)*

Capital expenditure and commitments

| R million | Capital expenditure | | Capital commitments | | | Split as follows | |
|---------------------------|---------------------|------------|---------------------|-----------|--------------|-------------------------|-------------------------|
| | H1 2015 | H2 2015 | 2016 | 2017+ | Total | Approved not contracted | Approved and contracted |
| Freight Services | 209 | 157 | 19 | 5 | 181 | 34 | 147 |
| Port and Terminals | 105 | 73 | 13 | 2 | 88 | – | 88 |
| Rail | 34 | 33 | 6 | 3 | 42 | 34 | 8 |
| Carrier Logistics | 6 | 46 | – | – | 46 | – | 46 |
| Integrated Logistics | 64 | 5 | – | – | 5 | – | 5 |
| Shipping | 134 | 592 | 468 | 19 | 1 079 | – | 1 079 |
| Dry-bulk Tankers | 116 | 371 | 279 | 14 | 664 | – | 664 |
| | 18 | 221 | 189 | 5 | 415 | – | 415 |
| Financial Services | 19 | – | – | – | – | – | – |
| Group | 7 | 2 | – | – | 2 | – | 2 |
| | 369 | 751 | 487 | 24 | 1 262 | 34 | 1 228 |
| Split as follows: | | | | | | | |
| Subsidiaries | 233 | 507 | 208 | 23 | 738 | – | 738 |
| Joint ventures | 136 | 244 | 279 | 1 | 524 | 34 | 490 |

The above represents board-approved capital commitments. These commitments exclude planned expenditure, which is subject to final board consideration.

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 R369.0 million (H1 2014: R1 412.4 million), of which 75 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the acquisition of dry-bulk vessels, the maintenance and upgrade of terminals handling equipment, increased investment into locomotives and the acquisition of the remaining shareholding in the Asset Management business.

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

Cash flow and borrowings

The financial position reflects net cash of R88.8 million (H1 2014 net cash: R244.8 million). Operating profit before working capital adjustments was R673.9 million (H1 2014: R505.2 million). Working capital contributed to a net inflow of R3.6 million (H1 2014: R166.6 million net inflow).

Statement of financial position

With total assets of R31.7 billion (December 2014: R32.8 billion) and no net debt (H1 2014: no net debt), the group's financial position remains strong. Book net asset value per share is 2 316 cents (H1 2014: 2 125 cents).

Shareholders' equity increased to R18.1 billion (December 2014: R17.4 billion) as a result of earnings and a gain in the foreign currency translation reserve. The net increase of R514.6 million to the foreign currency translation reserve was due to the weakening of the Rand/US Dollar exchange rate from R11.57/US\$ to R12.17/US\$.

Ordinary shares in issue increased to 762 553 314 shares (December 2014: 762 053 314).

Basis of preparation

These unaudited condensed interim results for the six months ended 30 June 2015 have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, 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, No 71 of 2008. The accounting policies applied in preparation of these condensed interim results are in terms of IFRS and are consistent with those applied in the previous annual financial statements.

Following the board's decision to retain the Financial Services business, the business has been re-instated as a segment in continuing operations. The Commodity Logistics businesses are disclosed as continuing operations. In the Interim Results at June 2014 these items had been disclosed as discontinued items.

In addition, funds provided to joint ventures were previously disclosed as operating cash flows as they were utilised for working capital by the joint ventures. The consolidated statement of cash flows has been restated to disclose funds provided to joint ventures as investing activities in terms of IAS 7: Statement of Cash Flows.

The comparative information has been restated. There is no impact on profit/loss and statement of financial position.

The report was prepared under the supervision of the Group Financial Director, Mr AG Waller CA(SA), and has not been audited by the group's external auditors.

The unaudited condensed interim results were approved by the board of directors on 20 August 2015.

Accounting policies

The accounting policies adopted and methods of computation used in the preparation of these unaudited condensed interim financial statements are in terms of IFRS and are consistent with those of the previous consolidated annual financial statements for the year ended 31 December 2014.

Post balance sheet events

There are no material post balance sheet events to report.

Change in directorate

Grindrod is pleased to announce the appointment of Bongive Ntuli to the board as Executive Director: Port, Terminals and Rail. Bongive joined the company on 1 May 2008 as Chief Financial Officer for the Freight Services division, appointed as Executive: Corporate Services on 1 December 2012 and thereafter promoted to Executive: Port, Terminals and Rail on 20 August 2014. Bongive, a Chartered Accountant, is a director of various major local and international subsidiary companies and associates. The board congratulates Bongive on her new appointment and responsibilities and looks forward to her continued valuable contributions.

Prospects

Grindrod, with its ungeared balance sheet, is well positioned to develop key capital projects and to further capitalise on opportunities. Current depressed commodity prices and dry-bulk shipping rates, although off their recent lows, will continue to put pressure on earnings in the near term.

For and on behalf of the board

MJ Hankinson

Chairman

20 August 2015

AK Olivier

Chief Executive Officer

20 August 2015

DECLARATION OF INTERIM DIVIDEND

Preference dividend

Notice is hereby given that a gross interim dividend of 404.0 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (H1 2014: 389.0 cents) has been declared out of income reserves for the six-month period ended 30 June 2015, payable to preference shareholders in accordance with the timetable below.

At 21 August 2015, there are 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares in issue. The interim net preference dividend is 343.40000 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 2014: 13.6 cents) has been declared out of income reserves for the six-month period ended 30 June 2015, payable to ordinary shareholders in accordance with the timetable below.

At 21 August 2015, there are 762 553 314 ordinary shares in issue. The interim 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 dividends, in terms of the dividends tax effective since 1 April 2012, the following additional information is disclosed:

- The local dividends tax rate is 15 per cent; and
- Grindrod Limited's tax reference number is 9435/490/71/0.

Timetable

| | |
|-------------------------------------|---------------------------|
| Declaration and finalisation date | Friday, 21 August 2015 |
| Last day to trade cum-dividend | Friday, 11 September 2015 |
| Shares commence trading ex-dividend | Monday, 14 September 2015 |
| Record date | Friday, 18 September 2015 |
| Dividend payment date | Monday, 21 September 2015 |

No dematerialisation or rematerialisation of shares will be allowed for the period Monday, 14 September 2015, to Friday, 18 September 2015, both days inclusive.

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

By order of the board

Mrs CI Lewis

Group Company Secretary
20 August 2015

CORPORATE INFORMATION

Directors

MJ Hankinson (Chairman)**, AK Olivier (Chief Executive Officer), H Adams**, AC Brahde** (Norwegian), JJ Durand*, MR Faku**, T Fubu**, WD Geach**, GG Gelink**, B Ntuli, DA Polkinghorne, NL Sowazi**, PJ Uys (Alternate)*, MR Wade (British), AG Waller (Group Financial Director), SDM Zungu**

* Non-executive, ** Independent non-executive

Registered office

Quadrant House
115 Margaret Mncadi Avenue
Durban
4001
PO Box 1, Durban, 4000

Transfer secretaries

Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg
2001
PO Box 61051, Marshalltown, 2107

Auditors

Deloitte & Touche
Designated Audit Partner: Craig Sagar CA(SA)

Sponsor

Grindrod Bank Limited
Fourth Floor
Grindrod Tower
8A Protea Place
Sandton
2196
PO Box 78011, Sandton, 2146

Registration number: 1966/009846/06

Incorporated in the Republic of South Africa

Share code: GND & GNDP

ISIN: ZAE000072328 and ZAE000071106

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



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