2010 INTERIM RESULTS

GRINDROD LIMITED

2010 Unaudited Interim Results and Dividend Announcement

- Attributable income down 10% to R435,5 million
- Headline earnings per share of 95,4 cents
- Return on ordinary shareholders' funds exceeds 16% annualised
- Interim ordinary dividend of 27 cents per share
- Capacity for substantial growth

100 years

OF GLOBAL SHIPPING AND FREIGHT LOGISTICS

Features

Group:

- Average Rand/US Dollar exchange rate 18% stronger vs H1 2009
- Capital expenditure of R1 012 million (H1 2009: R801 million)
  - capital commitments of R1 773 million over next two years
  - capacity for up to R5 billion additional capital expenditure over the next three years
- Dividend cover is 3,5 times earnings

Shipping:

- Took delivery of four ships and exercised purchase option on a chartered ship
- Contracted to purchase a 40 000 dwt products tanker
- Concluded the acquisition of a Rotterdam based bunker supply business
- Extended contract cover
- Cancelled four 16 500 dwt product tanker newbuildings and a chartered capesize bulk carrier
- Contracted the sale of a 50% share in a products tanker in H2 2010
- No ship sale profits in H1 2010 (H1 2009: R152 million)
- Average earnings per day marginally outperformed average spot market rates for the period

Trading:

- Increased volumes
- Slightly lower operating margins due to change in product mix
- Focus on development of Asian market trade
- Further development of physical supply opportunities in marine fuels sector

Freight Services:

- Port of Maputo concessions extended to 2043
- Logistics business restructure completed to counter challenging market conditions
- Terminal capacity utilisation below expectation due to strikes/lack of rail wagon availability
- Concluded the purchase of a petrochemical road transport company
- Ongoing investment in port and terminal capacity
- Good progress made with Transnet and CFM (Mozambique state owned rail and port company) on expanding rail capacity

Financial Services:

- Growth in Asset Management division
- Grindrod Global Property Income Fund was rated second best performing South African unit trust fund
- Maintained quality of lending book

Condensed income statement
for the six months ended 30 June 2010

	30 June (Unaudited) 2010 R000	30 June (Unaudited) 2009 R000	Change %	31 December (Audited) 2009 R000
Revenue	**14 883 863**	12 420 348	20	27 692 041
Trading profit	**685 582**	801 412	(14)	1 434 922
Depreciation and amortisation	**(157 946)**	(147 742)		(292 400)
Operating profit before interest and taxation	**527 636**	653 670	(19)	1 142 522
Non-trading items	**738**	5 965		13 881
Interest received	**93 032**	77 179		161 328
Interest paid	**(86 944)**	(150 119)		(252 695)
Profit before share of associates' profit	**534 462**	586 695		1 065 036
Share of associates' profit before taxation	**36 699**	35 032		76 465
Profit before taxation	**571 161**	621 727	(8)	1 141 501
Taxation	**(97 081)**	(91 230)		(188 075)
Profit for the period	**474 080**	530 497		953 426
Profit attributable to				
Ordinary shareholders	**435 493**	483 780	(10)	872 763
Preference shareholders	**30 017**	39 426		69 023
Grindrod Limited shareholders	**465 510**	523 206		941 786
Minority interest	**8 570**	7 291		11 640
	474 080	530 497		953 426
Exchange rates (R/US$)				
Opening exchange rate	**7,37**	9,45		9,45
Closing exchange rate	**7,65**	7,77		7,37
Average exchange rate	**7,54**	9,24		8,46

		30 June (Unaudited) 2010 R000	30 June (Unaudited) 2009 R000	Change %	31 December (Audited) 2009 R000
RECONCILIATION OF HEADLINE EARNINGS					
Profit attributable to ordinary shareholders		**435 493**	483 780		872 763
Adjusted for:		**(2 145)**	(5 965)		(15 445)
IAS 38 impairment of goodwill		**10 044**	–		990
IAS 38 reversal of impairment of intangible assets in respect of charters		**(746)**	–		(46 886)
IFRS 3 negative goodwill released		**(473)**	–		(156)
IFRS 3 net profit on disposal of investments		**(9 936)**	(3 328)		(2 081)
IAS 16 impairment of ships, plant and equipment		**760**	894		36 731
IAS 16 net profit on disposal of plant and equipment		**(680)**	(2 726)		(1 674)
IAS 21 FCTR adjustment on disposal of business		**292**	(805)		(805)
Total taxation effects of adjustments		**(1 406)**	–		(1 564)
Headline earnings		**433 348**	477 815		857 318
ORDINARY SHARE PERFORMANCE					
Number of shares in issue less treasury shares	(000's)	**454 503**	452 384		454 203
Weighted average number of shares on which earnings per share are based	(000's)	**454 469**	451 944		452 278
Diluted weighted average number of shares on which diluted earnings per share are based	(000's)	**456 450**	455 243		454 436
Earnings per share	(cents)				
Basic		**95,8**	107,0	(10)	193,0
Diluted		**95,4**	106,3	(10)	192,1
Headline earnings per share	(cents)				
Basic		**95,4**	105,7	(10)	189,6
Diluted		**94,9**	105,0	(10)	188,7
Dividends per share	(cents)				
Interim		**27,0**	30,0	(10)	30,0
Final					30,0
Dividend cover	(times)	**3,5**	3,6		3,2

Statement of financial position
as at 30 June 2010

	30 June (Unaudited) 2010 R000	30 June (Unaudited) 2009 R000	31 December (Audited) 2009 R000
Ships, property, terminals, vehicles and equipment	**4 763 589**	4 152 229	3 923 378
Intangible assets	**905 112**	805 061	830 663
Investments in associates	**325 024**	252 811	283 068
Deferred taxation	**162 874**	178 025	159 088
Derivative financial assets and other investments	**400 898**	183 673	185 376
Recoverables on cancelled ships	**511 371**	–	238 589
Loans and advances to bank customers	**1 778 019**	1 129 515	1 483 314
Liquid assets and short-term negotiable securities	**80 335**	145 701	104 092
Bank balances and cash	**1 154 197**	1 565 844	1 917 695
Other current assets	**4 034 640**	3 648 138	3 493 156
Non-current assets held for sale	**5 112**	2 048	12 680
Total assets	**14 121 171**	12 063 045	12 631 099
Shareholders' equity	**6 219 750**	5 854 433	5 737 980
Minority interest	**116 864**	96 319	98 146
Total equity	**6 336 614**	5 950 752	5 836 126
Deferred taxation	**14 183**	20 917	22 277
Provision for post-retirement medical aid	**77 945**	75 085	77 868
Income received in advance	**76 500**	117 164	88 441
Deposits from bank customers	**1 786 984**	1 435 153	1 756 126
Interest-bearing debt	**2 920 580**	1 672 988	2 246 462
	11 212 806	9 272 059	10 027 300
Non-current liabilities associated with assets held for sale	**3 734**	–	5 193
Other liabilities	**2 904 631**	2 790 986	2 598 606
Total funding	**14 121 171**	12 063 045	12 631 099
Net worth per ordinary share – at book value (cents)	**1 205**	1 130	1 122
Net debt:equity ratio	**0,187:1**	0,006:1	0,04:1
Capital expenditure	**1 011 866**	800 816	1 407 629
Capital commitments			
Authorised by directors and contracted for	**1 515 992**	2 189 011	2 243 062
Due within one year	**1 154 366**	1 272 355	1 455 328
Due thereafter	**361 626**	916 656	787 734
Authorised by directors not yet contracted for	**256 946**	11 862	56 434

	30 June (Unaudited) 2010 R000	30 June (Unaudited) 2009 R000	Change %	31 December (Audited) 2009 R000
DIVISIONAL ANALYSIS				
Revenue				
Shipping	**2 051 609**	2 012 189	2	4 918 406
Trading	**11 485 148**	9 314 514	23	20 335 439
Freight Services	**1 217 824**	1 031 552	18	2 302 323
Financial Services	**110 782**	62 093	78	135 695
Group	**18 500**	–	n/a	178
	14 883 863	12 420 348	20	27 692 041
Trading profit (Earnings before interest, taxation, depreciation and amortisation)				
Shipping	**335 206**	498 153	(33)	774 174
Trading	**104 915**	133 233	(21)	255 743
Freight Services	**194 030**	157 048	24	387 239
Financial Services	**45 209**	26 843	68	54 193
Group	**6 222**	(13 865)	145	(36 427)
	685 582	801 412	(14)	1 434 922
Operating profit before interest and taxation				
Shipping	**279 206**	431 808	(35)	647 292
Trading	**101 846**	130 270	(22)	249 264
Freight Services	**100 674**	79 596	26	233 903
Financial Services	**44 562**	25 861	72	52 192
Group	**1 348**	(13 865)	110	(40 129)
	527 636	653 670	(19)	1 142 522
Attributable income				
Shipping	**249 615**	337 209	(26)	492 482
Trading	**71 289**	84 585	(16)	181 233
Freight Services	**103 314**	88 696	16	221 717
Financial Services	**21 276**	17 878	19	35 500
Group	**(10 001)**	(44 588)	78	(58 169)
	435 493	483 780	(10)	872 763

Statement of changes in equity
for the six months ended 30 June 2010

	Share capital, premium and equity compensation reserve R000	Hedging reserve R000
Balance as at 31 December 2008	12 828	153 855
Share options exercised	13 209	
Share-based payments	22 954	
Minority interest acquired		
Profit for the year		
Other comprehensive income		(323 376)
Total comprehensive income	–	(323 376)
Dividends paid		
Balance as at 31 December 2009	48 991	(169 521)
Share options exercised	384	
Share-based payments	358	
Treasury shares disposed	3 078	
Minority interest acquired		
Minority interest disposed		
Profit for the period		
Other comprehensive income		6 831
Total comprehensive income	–	6 831
Dividends paid		
Balance as at 30 June 2010	**52 811**	**(162 690)**

Foreign currency translation reserve	Accumulated profit	Interest of shareholders of Grindrod Limited	Minority interest	Interest of all shareholders
R000	R000	R000	R000	R000
1 393 267	5 152 746	6 712 696	62 315	6 775 011
		13 209		13 209
		22 954		22 954
		–	29 633	29 633
	941 786	941 786	11 640	953 426
(1 117 621)		(1 440 997)	2 251	(1 438 746)
(1 117 621)	941 786	(499 211)	13 891	(485 320)
	(511 668)	(511 668)	(7 693)	(519 361)
275 646	5 582 864	5 737 980	98 146	5 836 126
		384		**384**
		358		**358**
		3 078		**3 078**
		–	10 000	**10 000**
		–	(1 494)	**(1 494)**
	465 510	**465 510**	8 570	**474 080**
171 979		**178 810**	1 642	**180 452**
171 979	465 510	**644 320**	10 212	**654 532**
	(166 370)	**(166 370)**		**(166 370)**
447 625	**5 882 004**	**6 219 750**	**116 864**	**6 336 614**

Statement of other comprehensive income
for the six months ended 30 June 2010

	30 June (Unaudited) 2010 R000	30 June (Unaudited) 2009 R000	31 December (Audited) 2009 R000
Profit for the period	**474 080**	530 497	953 426
Other comprehensive income			
Exchange differences on translating foreign operations	**173 621**	(854 387)	(1 122 650)
Cash flow hedges	**6 831**	(210 782)	(316 096)
Total comprehensive income/(loss) for the period	**654 532**	(534 672)	(485 320)
Total comprehensive income/(loss) attributable to:			
Grindrod Limited shareholders	**644 320**	(541 965)	(499 211)
Minority shareholders	**10 212**	7 293	13 891
	654 532	(534 672)	(485 320)

Condensed statement of cash flows
for the six months ended 30 June 2010

	30 June (Unaudited) 2010 R000	30 June (Unaudited) 2009* R000	31 December (Audited) 2009 R000
Cash generated from operations	**392 909**	584 213	917 747
Net interest paid	**(22 926)**	(72 940)	(91 367)
Net dividends paid	**(166 318)**	(278 224)	(460 868)
Taxation paid	**(99 275)**	(164 864)	(240 459)
	104 390	68 185	125 053
Net bank advances to customers and other short-term negotiables	**(240 089)**	(151 510)	(150 013)
Net cash flows utilised in operating activities before ship and locomotive sales and purchases	**(135 699)**	(83 325)	(24 960)
Net proceeds on disposal of ships and locomotives	**11 632**	430 464	756 728
Proceeds on disposal of ships and locomotives	**11 632**	541 957	1 257 467
Cash payments on ship options exercised	**–**	(111 493)	(500 739)
Capital expenditure on ships and locomotives	**(608 498)**	(581 488)	(793 207)
Net cash flows utilised in operating activities	**(732 565)**	(234 349)	(61 439)
Acquisition of property, terminals, vehicles and equipment and investments	**(398 615)**	(219 328)	(578 139)
Proceeds from disposal of property, terminals, vehicles and equipment and investments	**28 395**	56 766	51 498
Intangible assets acquired	**(4 753)**	(1 253)	(36 283)
Loans repaid by joint venture and associate companies	**–**	–	27 386
Disposal of investment in subsidiary utilised	**(4 632)**	–	–
Net cash flows utilised in investing activities	**(379 605)**	(163 815)	(535 538)
Proceeds from issue of ordinary share capital	**384**	8 359	13 209
Proceeds on disposal of treasury shares	**3 078**	–	–
Minority investment in subsidiary	**–**	–	3 780
Loan from minority shareholders	**–**	–	15 853
Long-term borrowings raised	**326 317**	224 581	591 700
Payment of capital portion of long-term borrowings	**(159 516)**	(102 122)	(447 341)
Short-term loan (repaid)/raised	**(42 009)**	(20 973)	381 783
Net cash flows from financing activities	**128 254**	109 845	558 984
Net decrease in cash and cash equivalents	**(983 916)**	(288 319)	(37 993)
Cash and cash equivalents at beginning of the period	**1 669 282**	1 975 106	1 975 106
Difference arising on translation	**15 814**	(216 325)	(267 831)
Cash and cash equivalents at end of the period	**701 180**	1 470 462	1 669 282

* Restated due to a reallocation in relation to IAS 7 Cash Flow Statements.

Condensed changes in disclosure
for the six months ended 30 June 2010

	Previous 30 June (Unaudited) 2009 R000	IAS 7 R000	Restated 30 June (Unaudited) 2009* R000
Cash generated from operations	1 014 677	(430 464)	584 213
Net interest paid	(72 940)		(72 940)
Net dividends paid	(278 224)		(278 224)
Taxation paid	(164 864)		(164 864)
	498 649	(430 464)	68 185
Net bank advances to customers and other short-term negotiables	(151 510)		(151 510)
Net cash flows from/(utilised in) operating activities before ships sales and purchases	347 139	(430 464)	(83 325)
Net proceeds on disposal of ships	–	430 464	430 464
Proceeds on disposal of ships	–	541 957	541 957
Cash payments on ship options excercised	–	(111 493)	(111 493)
Capital expenditure on ships	–	(581 488)	(581 488)
Net cash flows from/(utilised in) operating activities	347 139	(581 488)	(234 349)
Acquisition of property, terminals, vehicles and equipment and investments	(800 816)	581 488	(219 328)
Proceeds from disposal of property, terminals, vehicles and equipment and investments	56 766		56 766
Intangible assets acquired	(1 253)		(1 253)
Net cash flows used in investing activities	(745 303)	581 488	(163 815)

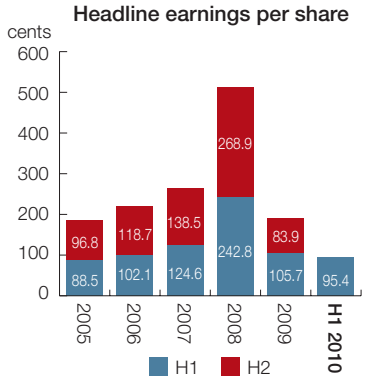
* Restated due to the requirement of IAS 7 Cash Flow Statements which states that capital expenditure relating to dual purpose assets should be reallocated from investing activities to operating activities.

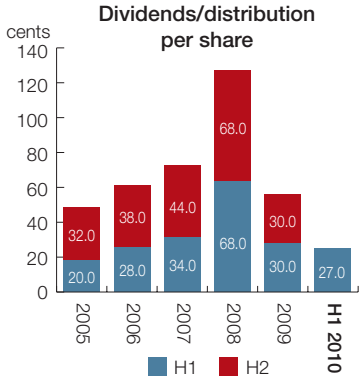
Comments

OVERVIEW

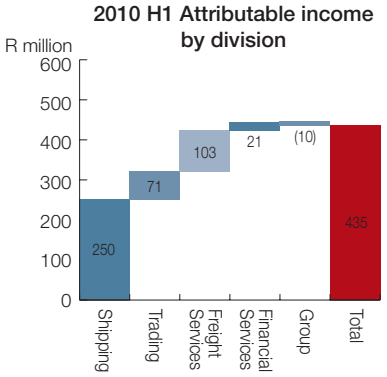
The group generated earnings of R435,5 million for the six months ended 30 June 2010 (H1 2009: R483,8 million), down 10% on the corresponding period of the prior year. Headline earnings per share decreased by 10% to 95,4 cents per share (H1 2009: 105,7 cents per share). The decline in earnings and headline earnings per share was primarily due to a stronger Rand/US Dollar exchange rate and no ship sale profits compared to a profit of R152 million in the prior period. However, stronger dry bulk markets and interest earned on cancelled ship newbuilding contracts in H1 2010, reduced their impact.

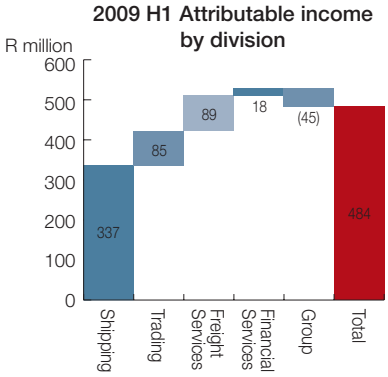
An interim ordinary dividend of 27 cents per share (H1 2009: 30 cents per share) was declared. Dividend cover has been maintained at 3,5 times in line with historical practice. Return on ordinary shareholders' funds for the six months was an acceptable 16,2% annualised.





The Shipping and Trading divisions reported lower earnings for the interim period for the reasons set out above, however, the group continues to benefit from the growth of the Freight Services operations. Despite the impact of internal and external industrial action, good earnings growth was achieved by this division and by Financial Services. Group costs were significantly lower due to the recognition of a once-off BEE cost in the prior period.





The group's balance sheet is sound and although the debt:equity ratio has increased to 18,7%, due to a number of acquisitions by the group, there is still substantial capacity for debt funding to drive expansion of the group's businesses.

CAPITAL EXPENDITURE AND COMMITMENTS

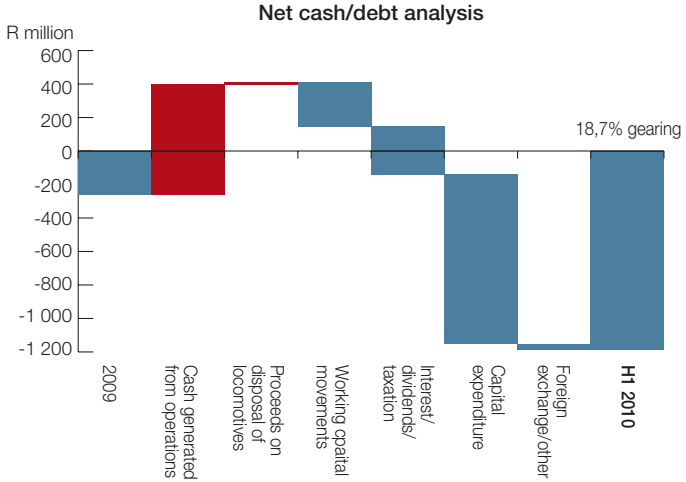
Description	Capital expenditure	Capital commitments			
R million	**Six months to June 2010**	Six months to December 2010	2011	2012	Total commitments
Ships	**604**	505	640	92	1 237
Property and terminals	**48**	240	152	–	392
Vehicles, equipment and software	**82**	71	2	1	74
	734	816	794	93	1 703
Acquisition of businesses	**278**	53	17	–	70
Total	**1 012**	869	811	93	1 773

Major items of capital expenditure for the period included instalments paid under the group's newbuilding ship orders, the purchase of ships, the expansion of drybulk terminal capacity, the acquisition of a bunker shipping and trading operation and an investment in a petrochemical road transport company.

CASH FLOW AND BORROWINGS

Cash generated from operations was R392,9 million (H1 2009: R584,2 million). Cash outflows included capital expenditure of R1 012 million and dividends of R166,3 million during the period. This resulted in the net debt position of R258 million at 31 December 2009 increasing to R1 183 million at 30 June 2010 and the net debt:equity ratio rising from 4,4% to 18,7%. The group generated net interest income of R6 million for the period compared to an expense of R73 million in the prior period mainly due to low net debt levels during most of the period, interest earned on cancelled ship newbuilding contracts and the utilisation of US Dollar cash to reduce Rand debt.

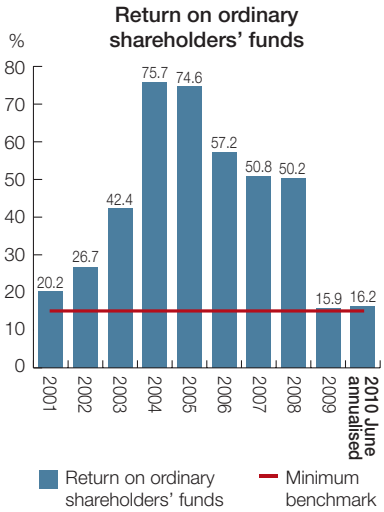
The group is confident that it has adequate funding available for all capital commitments through its cash resources, cash generated from operations and existing committed bank facilities.

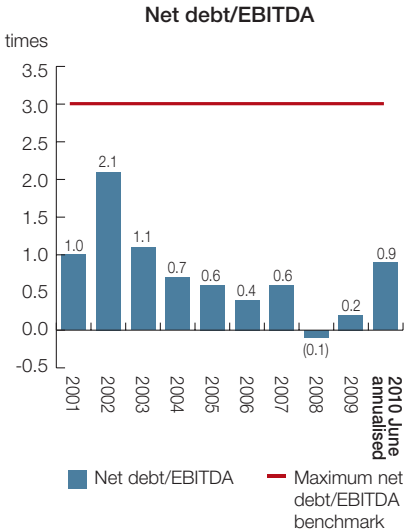


SHAREHOLDERS' EQUITY

Shareholders' equity increased from R5 738 million at 31 December 2009 to R6 220 million at 30 June 2010 due mainly to retained profits and to the effect of the weaker closing Rand/US Dollar exchange rate.

9 179 348 ordinary shares repurchased by subsidiaries in prior years continue to be held in treasury.





MARKET OVERVIEW

The drybulk shipping market experienced a positive first half of the year with the smaller ship sizes in particular benefiting from continuing strong demand from China for a range of commodities. Both the handysize and handymax sectors reached 18 month highs in May before a combination of the World Cup and the early onset of a traditional northern hemisphere summer slowdown caused rates to drop. The same could not be said of the capesize market which, struggling under the weight of a steady stream of newbuildings, was hit by a tightening of Chinese government stimulus measures. The resultant slowdown in iron ore imports caused rates to fall dramatically, which ended the half year at levels not seen since early 2009. Handysize earnings have remained the least affected by the recent decline in the drybulk market which, whilst 30% down from their recent peak, look well underpinned by growing Asian demand for minor bulks. Drybulk asset prices firmed in line with the buoyant market while modest declines in second-hand vessel prices are being seen as spot market rates come under pressure. Newbuilding prices to date continue to gradually increase.

Drybulk rates at the date of preparing this report are:

				Average spot rates	
	Spot rates (US$ per day)	One-year time charter rates (US$ per day)	Three-year time charter rates (US$ per day)	**H1 2010 (US$ per day)**	H1 2009 (US$ per day)
Handysize	15 015	15 250	14 000	**18 834**	9 092
Panamax	23 013	23 500	19 500	**30 155**	13 985
Capesize	29 956	28 750	26 000	**36 160**	35 031

Source: Clarksons Research Services Limited

The tanker shipping market in general, whilst experiencing some volatility, performed better than the last six months of 2009, obtaining support from increasing oil demand as western economies improved. This trend has continued and tanker asset prices across all sectors have increased 10 – 20% in both newbuildings and second-hand ships since the end of last calendar year. The tanker market still faces a relatively high level of ships on order, however, growing oil demand should absorb most of these deliveries.

Tanker charter rates at the date of preparing this report are:

				Average spot rates	
	Spot rates (US$ per day)	One-year time charter rates (US$ per day)	Three-year time charter rates (US$ per day)	**H1 2010 (US$ per day)**	H1 2009 (US$ per day)
Medium-range	10 180	13 500	14 750	**8 304**	9 257
Small	* 9 250	* 9 700	*10 500	**9 250**	12 500

Source: Clarksons Research Services Limited except * which are per management assessment (Meaningful chemical tanker rates are not available)

Trading conditions in agricultural products have been difficult as customers tended to buy spot due to market uncertainties, a trend that is expected to continue in the medium-term. At the same time there has been increased competitor activity in the markets.

Bunker fuel prices have been volatile on the back of a similar pattern in crude markets. Nevertheless demand has remained good and there has been significant consolidation in the market.

Metallurgical product markets in the last six months improved, particularly in China. Capacity utilisation improved as steel and alloy producers increased their production to cater for customer restocking. Buyers are now operating more in the spot market and for smaller quantities.

There has been improved demand for containers, vehicles, coal and other bulk commodities.

In the financial sector the first six months of the year were dominated by global financial events, with the problems faced by certain Eurozone countries continuing to impact heavily on the prospects for global economic recovery.

In the South African environment, corporate results are not providing any clear indication of the real state of the economy. The next six months are likely to see some guarded optimism in the corporate sector as the local economy improves which should result in an improved lending and asset management environment.

DIVISIONAL OPERATING REVIEWS

SHIPPING

The Shipping division was relatively active in the first half of 2010, taking delivery of a South African built 4 200 dwt bunker tanker (owned), a 32 000 dwt handysize bulk carrier (owned), a 40 000 dwt products tanker (contracted to purchase in H1 2010), a 47 350 dwt products tanker (chartered) and exercised a purchase option on one of its long-term charters, a 32 400 dwt handysize bulk carrier. It also contracted the purchase of a further 40 000 dwt products carrier, which will be delivered in September 2010. The division concluded the acquisition of Associated Bunkeroil Contractors (ABC), a Rotterdam-based bunker tanker business, which has a fleet of four bunker tankers. The acquisition of ABC saw the group expand its existing bunker tanker business with this investment in one of the world's major bunkering ports.

A 16 500 dwt products carrier on order from a yard in China was cancelled due to a breach of the contractual delivery date. A further three shipbuilding contracts for similar ships with the same Chinese yard were cancelled due to a dispute on contractual terms. Instalment refunds and interest totalling US$71 million, secured by refund guarantees, are payable by the shipyard on conclusion of legal proceedings. The division also negotiated the cancellation of a chartered capesize bulk carrier.

The division's drybulk business performed well during the first half of 2010. The capesize business benefited from the high level of contract cover, which ensured that the extreme market volatility did not have a negative effect. The panamax ships again generated good profits under their fixed income charters and the development of the handymax operating business continues. The handysize ships, which are mainly employed via a pool, generated substantial profits due to low vessel costs.

The tanker business had a challenging period, with chemical tankers earning close to breakeven levels due to the worldwide downturn in chemical and industrial production. The small products tanker earnings reduced due to higher repair and maintenance costs while the medium range product tankers performed well as a result of good contract cover.

The division had significant contract cover during the period with average earnings per day marginally better than average spot rates for the period.

The ship operating activities performed well during the half year. Increasing volumes were achieved in the parcel business which continues to operate efficiently under its formula of market linked rates. The handmax business was negatively affected by the strengthening drybulk market in the first half of the year. The bunker tanker business performed well, as did the South African based tanker operating joint venture with a South African partner, Calulo Shipping.

The division's financial performance is summarised below:

Profit from owned and long term chartered ships	Bulk carriers			Tankers			H1 2010 Total	H1 2009 Total	Growth %
	Handysize	Panamax	Capesize	Medium-range	Small	Chemical			
Average number of owned/ long-term chartered ships	14,2	2,0	3,3	8,9	1,3	4,0	**33,7**	35,6	(5)
Average daily revenue (US$)	13 400	21 800	39 200	17 700	10 800	15 900	**17 800**	16 500	8
Average daily cost (US$)	7 800	9 400	26 600	15 000	11 700	12 600	**12 600**	11 800	(7)
Profit (US$ million)	**14,2**	**4,4**	**7,5**	**4,4**	**(0,2)**	**0,9**	**31,2**	**30,1**	**4**
(US$ millions)									
Profit from ship operating activities							**14,4**	15,6	(8)
Profit from ship sales							**–**	16,4	(100)
Overheads/other							**(11,7)**	(14,0)	16
Funding costs/preference dividends/taxation							**(2,6)**	(9,7)	73
Foreign exhange							**1,8**	(1,9)	194
							33,1	36,5	(9)

The Shipping division currently has an owned and long-term chartered fleet of 34 ships which have a market value of R1,4 billion in excess of book value. For H2: 2010, 83% (weighted by revenue) of the ships are contracted out and 40% (weighted by revenue) for 2011. The value of profit contracted is US$30 million for the second half of 2010 and US$35 million for 2011.

A fleet overview, contract cover information and details of the fleet market value calculations are included in the group's results presentation on the website www.grindrod.co.za.

Outlook

The drybulk market is expected to recover from the summer lows currently being experienced, however, any dramatic upside will probably be capped by the sheer volume of capesize newbuilding deliveries. Asset prices of drybulk ships are likely to remain close to current levels.

The tanker market is expected to remain at current levels in the short-term, improving during the northern hemisphere winter. Asset prices are likely to stabilise at the present levels for both newbuilding and second-hand ships.

The Shipping division is well placed for the remainder of 2010, due to its high level of contractual cover in both the wet and dry markets together with continuing strong demand for commodities which will support the ship operating businesses.

TRADING

Trading increased its presence in Singapore in order to take advantage of new opportunities, products and markets in Asia both in metallurgical and agricultural products. Physical supply of bunker fuels is being further developed particularly in Rotterdam and on the River Thames. Those developments and others in both agricultural and metallurgical areas are a continuation of the division's strategy to embed itself in the supply chain to provide sustainable business going forward.

Prices in most products were somewhat higher and although volumes were only slightly up (6%), overall US Dollar revenue was up by 23% due mainly to a change in the product mix with increased activity in some higher valued products. US Dollar operating margins were slightly reduced by the change in product mix and although US Dollar profits were up 2%, attributable profit in Rand declined 16% because of the stronger average Rand/US Dollar exchange rate.

Outlook

The outlook for trading for the balance of 2010 remains challenging as market conditions continue to be volatile leading to continued customer uncertainty. However, the outlook ahead is very positive across the division's whole range of commodities with further significant increases in demand expected.

FREIGHT SERVICES

Freight Services reported profits of R103,3 million for the period, an increase of 16% over the equivalent period in 2009. Results were negatively impacted by third party industrial action across most businesses in the segment. In addition, volumes were also affected by limited availability of rail wagons to meet the demand for export capacity at the division's drybulk terminals. However, a good performance by Intermodal, together with an improved performance from Logistics and recognition of earnings from the Maputo Port, contributed to earnings growth.

Ports and Terminals

The concession for the Port of Maputo was extended for an additional 15 years, with the initial term of the concession now running until 2033, with the option for a 10 year extension thereafter. The extension provides a timeline for the implementation of the port master plan and for sub-concessionaires to undertake additional investment. The immediate expansion plans include the dredging of the port from its current 9.4 metre draft to 11 metres to accommodate panamax vessels, which will significantly increase competitiveness, particularly with respect to bulk and container traffic. The project is expected to be completed in early 2011.

The extension of the Maputo coal terminal sub-concession to 2043 was concluded, together with an agreement to expand the Maputo coal terminal from its current planned annual capacity of 6 million tonnes per annum (on schedule for completion in the last quarter of 2010) to between 16 and 25 million tonnes. The project is currently in feasibility stage with completion planned for 2013.

Agreements were concluded with CFM (Mozambique state-owned rail and port company) and DP World for the joint development and operation of an intermodal container depot adjacent to the Maputo Port, with phase 1 of the project due for completion by June 2011.

Volumes through the drybulk terminals were negatively impacted by third party strike action and insufficient rail wagon resources, however, additional rail wagons are due to be released by Transnet in the second half of the year. Grindrod is also actively pursuing initiatives to provide the necessary rail wagons to service the Richards Bay and Maputo drybulk terminals and the Maputo car terminal.

The sale of a 30% stake in the car terminal to Höegh Autoliners, one of the largest automotive shipping companies in the world, was concluded in the first half of the year.

Logistics

The Logistics operations returned to profitability following a successful restructure and rationalisation of operations to align with lower market volumes. Further improvements in profitability are expected in the second half of the year, as markets improve further and additional rationalisation benefits are realised. The acquisition of Fuelogic, a petrochemical road transport operation, was concluded in the first half of the year, making Grindrod one of the largest operators in South Africa in this sector.

Other

The improvement in container volumes in the first half of the year has positively benefited the Intermodal operations. Intermodal continues to invest in the consolidation and expansion of its existing operations, with a development in Durban due for completion in the third quarter of this year and developments in Johannesburg and Maputo expected to commence in the second half of the year.

The Seafreight business conducted by Ocean Africa Container Lines did not benefit from improved container volumes due to port congestion which raised operating costs and freight rates remained under pressure. This was exacerbated by the strike activity during the period. It is expected that some improvement will be achieved in the second half.

Ships Agencies results were impacted by low container freight rates and the strong Rand/US Dollar exchange rate.

The Rail business conducted by RRL Grindrod performed in line with expectations. A number of concession opportunities are being explored, which would positively impact on performance over the next few years.

Outlook

Further market improvement is expected in the second half of the year, based on the following anticipated trends:

- Port and terminal operations have been largely unaffected by market challenges, with demand for capacity remaining strong. Throughput, which until now has been negatively impacted by the lack of rail wagon availability, is expected to increase in the second half of the year, primarily as a result of more rail wagons being committed by Transnet;
- Profitability of the Logistics business segment is expected to further improve in the second half of the year as greater benefits are extracted from the restructure of the operations combined with the expected improvement in volumes; and
- Other operations are expected to benefit from improved trading conditions in the second half of the year, which historically is a seasonally stronger trading period compared to the first half of the year.

FINANCIAL SERVICES

The Bank had a good first half, with attributable earnings 19% up on the comparative period in 2009. Significant fees were realised from lending activities and net interest income has held up, with both net margin and advances levels being maintained. Liquidity remains at a healthy level and the lending book is well managed from a credit perspective. Expansion in the Asset Management division has resulted in revenue growth on last year, which is anticipated to continue from the base that has been created.

Third party assets under management continued to increase over the period. The performance of the funds managed by the Bank was particularly encouraging, with the Grindrod Global Property Income Fund rated the second best performing South African unit trust fund for the year to 30 June 2010 with a total return of 42.6%. Grindrod Asset Management has also been appointed manager of Nedgroup Investment's South African listed property unit trust which was officially launched on 30 July 2010.

Outlook

The Bank expects a solid second half with good earnings growth for the 2010 financial year.

Comments continued

BASIS OF PREPARATION

The results have been prepared in terms of IAS 34 Interim Financial Reporting and are in accordance with the group's accounting policies which fully comply with International Financial Reporting Standards (IFRS), the Companies Act as amended and the JSE Listings Requirements. They are consistent with those applied in the previous year except for the June 2009 condensed cash flow statement which has been restated due to a reallocation in relation to IAS 7 Cash Flow Statements. This reallocation has resulted in certain disclosure changes, but has not resulted in any changes in accounting policy.

The accounting for the acquisition of Fuelogic (Proprietary) Limited and the Associated Bunkeroil Contractors group has only been provisionally determined as at 30 June 2010. At the date of finalisation of these results, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimates of the likely values.

DIRECTORATE

TJT McClure retired as an Executive Director of Grindrod Limited effective 31 July 2010. The board of directors wishes to express appreciation for his significant contribution to the Company.

PROSPECTS

Continuing strong growth from China, India and Brazil is anticipated together with an upturn in other economies, although at a relatively subdued level. Volatility is likely in shipping, commodity and financial markets which may offer opportunities to the group.

The high contract cover will reduce the group's exposure to possible shipping market fluctuations.

The group results are sensitive to Rand/US Dollar exchange rates.

Acceptable returns on shareholders' funds are expected for 2010.

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

For and on behalf of the Board

IAJ Clark
Chairman

AK Olivier
Chief Executive Officer

DISCLAIMER

Grindrod Limited – Disclaimer:- The market value of the fleet is based on valuations obtained from ship brokers and published market information on ship charter rates. These values and rates are subject to risks and uncertainties, as various factors beyond the control of the group may cause values to fluctuate materially subsequent to the date of this announcement.

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Declaration of interim dividends

PREFERENCE DIVIDEND

Notice is hereby given that a dividend of 406 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (H1 2009: 522,5 cents) has been declared, payable to preference shareholders in accordance with the timetable below.

ORDINARY DIVIDEND

Notice is hereby given that an interim dividend of 27 cents per ordinary share (H1 2009: 30 cents) has been declared, payable to ordinary shareholders in accordance with the timetable below.

TIMETABLE

Last day to trade cum-dividend	Friday, 3 September 2010
Shares commence trading ex-dividend	Monday, 6 September 2010
Record date	Friday, 10 September 2010
Dividend payment date	Monday, 13 September 2010

No dematerialisation or rematerialisation of shares will be allowed for the period from 6 September 2010 to 10 September 2010, both days inclusive.

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

By order of the Board

CAS Robertson
Secretary

18 August 2010

FOR MORE INFORMATION, PLEASE REFER TO OUR WEBSITE AT WWW.GRINDROD.CO.ZA

Directors
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Incorporated in the Republic of South Africa

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