

GRINDROD LIMITED
UNAUDITED INTERIM RESULTS AND DIVIDEND ANNOUNCEMENT

for the six months ended 30 June 2022



Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2022

OPERATIONAL HIGHLIGHTS

Drybulk terminal volumes

^ 52%

to 7.5 million tonnes
(2021 H1: 5.0 million tonnes)

Port volumes

^ 30%

to 12.3 million tonnes
(2021 H1: 9.4 million tonnes)

Earnings grew

^ 88%

for coastal shipping
and container depot
business

Port capacity upgrade

US\$110.3 million

capital spend at 100%
(inaugurated in May 2022)

Impact of KZN floods

2 weeks

to resume operations.
Impact mitigated by
insurance

LTIFR

0.4

against target of
0.5 (2021 H1: 0.54)

FINANCIAL HIGHLIGHTS

Revenue from core operations *

^ R3.1 billion

(2021 H1: R2.4 billion),
up 31% on the prior period

Trading profit from core operations *

^ R1.1 billion

(2021 H1: R0.8 billion),
up 37% on the prior period

Headline earnings from core operations *

^ 53%

to R529.1 million
(2021 H1: R344.8 million)

Cash generated from operations

^ 120%

to R740.5 million
(2021 H1: R336.3 million)

Net asset value per share

^ 1 231 cents

(2021 December:
1 176 cents)

Interim ordinary dividend

^ 17.2 cents

(2021 H1: nil cents)

Net debt

(excluding Grindrod Bank)

√ 27%

to R1.6 billion
(2021 December: R2.2 billion)

Capital expenditure *

R287.6 million

2022 H1 actual

Capital commitments *

R286.5 million

2022 H2 approved

* Inclusive of joint ventures.

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BUSINESS REVIEW

Grindrod delivered good earnings growth in its core businesses for the six months ended 30 June 2022 ("period") underpinned by strong mineral commodity markets and Grindrod Bank continued to perform well on the back of favourable net interest margins.

Port and Terminals

Port and Terminals achieved earnings growth of 164% on the prior six months ended 30 June 2021 ("prior period") due to an increase in volumes handled.

Maputo port volumes grew by 30% to 12.3 million tonnes compared to the prior period. The port has commissioned its upgraded berth infrastructure consisting of 6 berths, increasing its berth capacity from 24.5 million tonnes in 2018 to 36.4 million tonnes. The port has spent a total of US\$110.3 million (at 100%) to date in its chrome and ferro-chrome slab capacity expansion, rail offloading facility construction, port road infrastructure upgrade and berth rehabilitation including the berth pocket dredge.

Grindrod's drybulk terminals grew volumes handled by 52% compared to the prior period despite disruptive weather challenges, frequent power outages, fire damaged conveyor belt infrastructure in Richards Bay and a loss of 20 vessel loading days in Matola due to its berth infrastructure incident. The Matola terminal grew its volumes by 24% to 3.8 million tonnes compared to the prior period. The Maputo terminal grew its volume throughput capacity by 25% to 3.0 million tonnes and handled 1.3 million tonnes in the current period compared to the 41 thousand tonnes in the prior period. Volumes handled in Richards Bay grew 28%.

Grindrod's Maputo Car Terminal volumes grew 35% against the prior period because of increased transshipments and higher domestic demand for secondhand vehicles. The facility continues to benefit from project cargo storage.

Logistics

Grindrod's coastal shipping and container depot businesses performed well under the challenging operational environment with earnings growth of 88%. All of its container depot facilities in Durban were impacted by severe floods in April 2022 resulting in damages to the infrastructure at the carrying value of R51.4 million, which has been impaired. Interim asset insurance claim proceeds of R100.0 million were recorded. This will be used to replace damaged equipment and the infrastructure.

The 75 000m2 container park development project in Denver, Johannesburg, is gaining momentum and is on track to be completed in the second half of the year. This facility is central to the solution Grindrod provides to shipping line customers serving the hinterland.

The Northern Mozambique graphite operations and the Clearing and Forwarding business delivered solid results for the period. Grindrod's rail business showed an improvement in locomotive deployment.

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Bank

Grindrod Bank reported healthy growth of 63% in its earnings from the prior period underpinned by the higher interest rate environment. Grindrod Bank's liquidity surplus at the end of June 2022 was R6.0 billion. This surplus liquidity is achieving good yields under the current higher interest earning environment resulting in no negative carry. Grindrod Bank maintained a stable lending book of R8.3 billion and achieved deposit book growth of 4%, to R11.7 billion, compared to December 2021. Grindrod Bank's capital adequacy ratio is in line with compliance requirements and its credit loss ratio at 48 bps is below the levels of 2021.

Group

The Group segment results include R24.1 million relating to obligations under the share price linked long term incentive scheme. This was necessitated by the surge in the Grindrod share price in the second quarter of 2022.

Cashflow and debt

The Group generated positive cash from operations of R740.5 million (2021 H1: R336.3 million) up 120% on the prior period. Net debt, excluding Grindrod Bank, reduced by 27% from December 2021 and amounts to R1.6 billion (2021 December: R2.2 billion) as at 30 June 2022.

Capital expenditure

Total capital expenditure was R287.6 million for the period, of which 49% was expansionary and the balance maintenance or replacement capital expenditure. Capital expenditure approved for the second half of the year is R286.5 million.

Non-core operations

Private equity portfolio

The private equity portfolio exit is largely complete with only one significant asset remaining with a carrying value of R306.7 million. Disposal proceeds of R152.1 million realised during the current period were applied to settle private equity debt. Results include net fair value losses on the investments of R44.2 million for the period.

KwaZulu-Natal north coast property loans

Management continues to explore various options to recover the significant loans advanced to the KwaZulu-Natal north coast property owners. Results include a fair value loss of R56.0 million due to the increase in interest rates which impacted the discount rates applied in the fair value model.

Marine Fuels and Agricultural Logistics

Marine Fuels earnings were up from the prior period due to the strong oil market. Management continues to work with the Marine Fuels management and co-shareholder to exit this investment.

Corporate transactions

In early April 2022 the fuel carrier fleet in Botswana was disposed of at its net carrying value marking the completion of Grindrod's exit from the fuel and automotive carrier road transportation businesses.

The joint venture transaction between Maersk Logistics and Services operations with certain of Grindrod's container depots

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and its coastal shipping business was approved by the Competition Commission on 24 May 2022. The remaining conditions precedent relating to implementation steps are being executed.

The disposal of Grindrod Bank to African Bank for R1.5 billion is ongoing, with all parties focused on fulfilling the conditions precedent.

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CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Revenue	2 479 481	1 915 489	3 904 984
Trading profit before expected credit loss and depreciation and amortisation *	639 174	373 114	1 073 778
Expected credit loss	(23 749)	(47 910)	(12 060)
Depreciation and amortisation	(243 065)	(250 467)	(488 109)
Operating profit before interest, taxation and non-trading items	372 360	74 737	573 609
Non-trading items	(22 361)	(433 451)	(401 134)
Interest received	53 076	33 978	99 933
Interest paid	(84 221)	(114 484)	(226 432)
Profit / (loss) before share of joint venture and associate companies' profit	318 854	(439 220)	45 976
Share of joint venture companies' profit after taxation	240 623	72 311	287 719
Share of associate companies' profit after taxation	6 689	7 672	19 169
Profit / (loss) before taxation	566 166	(359 237)	352 864
Taxation	(147 648)	(42 616)	(101 711)
Profit / (loss) for the period	418 518	(401 853)	251 153
Attributable to:			
Ordinary shareholders	385 214	(424 046)	175 578
Preference shareholders	25 022	22 605	45 780
Owners of the parent	410 236	(401 441)	221 358
Non-controlling interests	8 282	(412)	29 795
	418 518	(401 853)	251 153
Basic earnings / (loss) per share (cents)	57.8	(63.1)	26.2
Diluted earnings / (loss) per share (cents)	57.7	(63.1)	26.2

* Current period trading profit includes R100.2 million net fair value losses (2021 H1: R288.2 million) relating to the private equity and property segment. Prior period includes fair value gains of R191.7 million on Grindrod Shipping shares.

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HEADLINE EARNINGS RECONCILIATION

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Reconciliation of headline earnings			
Profit / (loss) attributable to ordinary shareholders	385 214	(424 046)	175 578
Adjusted for:	19 197	428 514	442 788
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	9 000	40 159	57 730
Loss on re-measurement to fair value less costs to sell	-	235 782	240 066
Impairment of goodwill *	-	24 840	24 840
Net loss on disposal of investments	-	133 837	136 114
Net loss / (profit) on disposal of plant, terminals, machinery, vehicles and equipment	13 361	(1 167)	(311)
Gain on bargain purchase	-	-	(6 769)
Foreign currency translation reserve release	-	-	(50 536)
Joint ventures and associates:			
Net profit on disposal of intangibles, property, terminals, machinery, vehicles and equipment	(26)	(52)	(58)
Impairment / (reversal of impairment) of intangibles, property, terminals, machinery, vehicles and equipment	6 574	(541)	48 440
Total taxation effects of adjustments	(9 712)	(4 344)	(6 728)
Headline earnings	404 411	4 468	618 366
Ordinary share performance			
Number of shares in issue less treasury shares (000s)	667 199	671 747	666 528
Weighted average number of shares (basic) (000s)	666 844	671 678	670 933
Diluted weighted average number of shares (000s)	667 295	671 678	670 933
Basic headline earnings per share: (cents)	60.6	0.7	92.2
Diluted headline earnings per share (cents)	60.6	0.7	92.2
Dividends per share - interim (cents)	17.2	-	-
Dividends per share - final (cents)	-	-	20.1
Dividend cover (headline) (times)	3.5	-	4.6

* The goodwill was impaired down to its recoverable amount which was assessed using value-in-use.

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Profit / (loss) for the period	418 518	(401 853)	251 153
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	116 690	(70 558)	377 761
Items that will not be subsequently reclassified to profit or loss			
Actuarial gains *	-	-	6 831
Fair value (loss) / gain arising on financial instruments *	(1 761)	608	3 001
Total comprehensive income / (loss) for the period	533 447	(471 803)	638 746
Total comprehensive income / (loss) attributable to:			
Owners of the parent	525 019	(471 361)	607 227
Non-controlling interests	8 428	(442)	31 519
	533 447	(471 803)	638 746

* Net of taxation.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Property, terminals, machinery, vehicles, equipment	1 800 533	1 645 702	1 738 159
Right of use assets	999 054	1 140 825	1 054 609
Goodwill and intangible assets	495 746	525 438	507 793
Investments in joint ventures	3 270 065	2 774 112	3 058 527
Investments in associates	156 069	119 047	145 941
Investment property	81 168	91 617	86 168
Other investments	909 585	1 737 161	1 097 668
Deferred taxation	184 440	146 185	186 978
Long-term negotiable securities	205 439	340 903	312 958
Loans and advances	7 104 378	4 665 012	7 029 849
Long-term receivable	192 451	-	202 099
Derivative financial assets	3 132	-	-
Total non-current assets	15 402 060	13 186 002	15 420 749
Liquid assets and short-term negotiable securities	4 744 061	3 553 281	3 623 026
Current portion of loans and advances	2 396 834	5 008 433	2 507 462
Current portion of long-term receivable	39 680	-	43 115
Inventories	70 732	82 849	66 639
Trade and other receivables	1 765 108	1 364 491	1 347 191
Taxation receivable	4 998	73 745	20 696
Cash and cash equivalents	2 296 649	1 847 413	2 057 642
Total current assets	11 318 062	11 930 212	9 665 771
Non-current assets classified as held for sale	-	219 787	65 000
Total assets	26 720 122	25 336 001	25 151 520

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Share capital and premium	3 933 730	3 953 695	3 928 711
Non-distributable reserves	1 970 187	1 460 333	1 885 547
Accumulated profit	3 057 357	2 199 546	2 808 394
Equity attributable to owners of the Company	8 961 274	7 613 574	8 622 652
Non-controlling interests	(9 136)	(24 713)	(44 704)
Total equity	8 952 138	7 588 861	8 577 948
Long-term borrowings	1 090 661	289 457	610 853
Lease liabilities	787 146	916 857	797 026
Long-term Bank and private equity funding	492 142	709 199	543 361
Derivative financial liabilities	-	41 382	24 277
Deferred taxation liabilities	52 020	51 724	57 450
Provision for post-retirement medical aid	21 011	20 235	21 816
Deposits from Bank customers	174 223	241 166	239 720
Provisions	57 393	16 258	11 670
Total non-current liabilities	2 674 596	2 286 278	2 306 173
Trade and other payables	1 747 623	1 419 444	1 310 696
Current portion of long-term borrowings	135 580	148 441	146 366
Current portion of lease liabilities	210 761	193 705	249 284
Current portion of Bank and private equity funding	705 689	1 258 130	908 778
Current portion of deposits from Bank customers	11 537 409	11 179 079	10 981 413
Short-term borrowings and bank overdraft	664 199	1 129 260	603 491
Taxation payable	92 127	96 257	67 371
Total current liabilities	15 093 388	15 424 316	14 267 399
Non-current liabilities associated with non-current assets held for sale	-	36 546	-
Total equity and liabilities	26 720 122	25 336 001	25 151 520

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Operating profit before interest and taxation	372 360	74 737	573 609
Non-cash adjustments	430 740	422 674	498 998
Operating profit before working capital changes	803 100	497 411	1 072 607
Working capital changes	(62 603)	(161 095)	(33 328)
Cash generated from operations	740 497	336 316	1 039 279
Net interest paid	(68 096)	(91 614)	(171 766)
Net dividends (paid) / received	(47 530)	(15 265)	197 782
Taxation paid	(114 284)	(118 815)	(175 915)
	510 587	110 622	889 380
Other operating cash flows from Bank			
Net (advances to) / deposits from customers and other liquid assets and negotiable securities	(579 671)	91 546	106 686
Net cash flows from operating activities	(69 084)	202 168	996 066
Net movement in acquisition of property, terminals, machinery, vehicles and equipment	(176 667)	(274 407)	(392 998)
Net movement on disposal of investments, subsidiaries, and businesses	245 308	151 730	594 852
Net movement on disposal of non-current assets held for sale	65 000	44 034	44 034
Funds received from joint ventures and associate companies	5 457	23 014	16 150
Net cash flows from investing activities	139 098	(55 629)	262 038
Acquisition of treasury shares	(715)	(4 113)	(29 922)
Acquisition of non-controlling interest	-	-	(25 224)
Borrowings raised [^]	1 049 271	683 018	821 330
Borrowings repaid [^]	(930 772)	(537 326)	(1 468 554)
Net cash flows from financing activities	117 784	141 579	(702 370)
Net increase in cash and cash equivalents	187 798	288 118	555 734
Cash and cash equivalents at the beginning of the period	1 518 020	943 955	943 955
Difference arising on translation	16 512	(5 007)	18 331
Cash and cash equivalents at the end of the period *	1 722 330	1 227 066	1 518 020

* Cash and cash equivalents comprise the net of bank and cash balances of R2.3 billion (2021 December: R2.1 billion) and the overdraft balance of R574.3 million (2021 December: R539.6 million).

[^] In the prior period, the cashflows related to borrowings was presented as a net figure but has been split to reflect more meaningful disclosure.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Ordinary and preference share capital and share premium	3 933 730	3 953 695	3 928 711
Balance at the beginning of the period	3 928 711	3 950 427	3 950 427
Share options vested	5 734	7 381	8 206
Treasury shares acquired	(715)	(4 113)	(29 922)
Equity compensation reserve	38 833	42 986	43 597
Balance at the beginning of the period	43 597	47 857	47 857
Share-based payments	970	2 510	3 946
Share options vested	(5 734)	(7 381)	(8 206)
Foreign currency translation reserve	2 039 224	1 527 073	1 927 156
Balance at the beginning of the period	1 927 156	1 598 738	1 598 738
Foreign currency translation realised	-	-	(50 536)
Foreign currency translation adjustments	112 068	(71 665)	378 954
Other non-distributable statutory reserves	(107 870)	(109 726)	(85 206)
Balance at the beginning of the period	(85 206)	(110 863)	(110 863)
Foreign currency translation adjustments	4 476	1 137	(2 917)
Net business combination acquisition	(27 140)	-	28 574
Accumulated profit	3 057 357	2 199 546	2 808 394
Balance at the beginning of the period	2 808 394	2 622 984	2 622 984
Other comprehensive (loss) / income from financial instruments	(1 761)	608	3 001
Actuarial gains recognised	-	-	6 831
Profit / (loss) for the period	410 236	(401 441)	221 358
Ordinary dividends declared	(134 490)	-	-
Preference dividends declared	(25 022)	(22 605)	(45 780)
Total interest of shareholders of the Company	8 961 274	7 613 574	8 622 652
Equity attributable to non-controlling interests of the Company	(9 136)	(24 713)	(44 704)
Balance at the beginning of the period	(44 704)	(150 134)	(150 134)
Foreign currency translation adjustments	146	(30)	1 724
Non-controlling interest acquired	27 140	-	(53 801)
Non-controlling interest disposed	-	128 636	128 636
Profit / (loss) for the period	8 282	(412)	29 795
Ordinary dividends declared	-	(2 773)	(924)
Total equity attributable to all shareholders of the Company	8 952 138	7 588 861	8 577 948

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SEGMENTAL INFORMATION

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Revenue			
Port and Terminals	1 182 487	494 759	1 413 393
Logistics	1 663 596	1 639 528	3 242 393
Bank	257 901	223 069	487 634
Group	29 702	30 731	26 872
Total core operations	3 133 686	2 388 087	5 170 292
Marine Fuels	8 095 684	5 839 114	12 814 442
Private equity and property	-	46 669	52 223
Total	11 229 370	8 273 870	18 036 957
Segmental adjustments *	(8 749 889)	(6 358 381)	(14 131 973)
	2 479 481	1 915 489	3 904 984
Trading profit / (loss) after expected credit loss			
Port and Terminals	442 151	165 988	580 499
Logistics	582 395	379 743	894 893
Bank	102 980	68 549	140 262
Group	(61 423)	164 620	170 354
Total core operations	1 066 103	778 900	1 786 008
Marine Fuels	54 881	3 310	43 095
Private equity and property	(133 038)	(271 883)	(164 759)
Total	987 946	510 327	1 664 344
Segmental adjustments *	(372 521)	(185 123)	(602 626)
	615 425	325 204	1 061 718
Operating profit / (loss) before interest and taxation and non-trading items			
Port and Terminals	372 777	110 183	452 342
Logistics	371 668	121 984	408 427
Bank	94 930	61 997	127 330
Group	(87 510)	150 885	135 362
Total core operations	751 865	445 049	1 123 461
Marine Fuels	54 489	1 659	39 474
Private equity and property	(133 038)	(273 168)	(166 043)
Total	673 316	173 540	996 892
Segmental adjustments *	(300 956)	(98 803)	(423 283)
	372 360	74 737	573 609

* For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby effective share of the Group's ownership is applied to each line item above. In the consolidated annual financial statements (IFRS presentation), investments in joint ventures are equity accounted. Segmental adjustments relate to effects of proportionate consolidation to reconcile to IFRS presentation.

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SEGMENTAL INFORMATION (CONTINUED)

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Share of associate companies' profit after taxation			
Port and Terminals	57 980	47 096	115 140
Logistics	142	320	285
Total core operations	58 122	47 416	115 425
Segmental adjustments *	(51 433)	(39 744)	(96 256)
	6 689	7 672	19 169
Profit / (loss) attributable to ordinary shareholders			
Port and Terminals	295 654	111 999	383 606
Logistics	225 850	(223 081)	(81 508)
Bank	73 845	45 350	96 687
Group	(85 424)	129 348	141 675
Total core operations	509 925	63 616	540 460
Marine Fuels	42 420	4 206	39 960
Private equity and property	(167 131)	(491 868)	(404 842)
	385 214	(424 046)	175 578
Geographical revenue			
North America / Bermuda	59 258	28 439	83 558
South America	-	4 073	4 134
Middle East	2 929 294	1 994 958	4 475 248
United Kingdom / Europe / Isle of Man	137 215	132 916	237 521
Singapore / Asia / Far East / Australia	5 020 892	3 712 372	8 088 843
South Africa	1 747 516	679 896	3 369 262
Rest of Africa	1 335 195	1 721 216	1 778 391
	11 229 370	8 273 870	18 036 957

* For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby effective share of the Group's ownership is applied to each line item above. In the consolidated annual financial statements (IFRS presentation), investments in joint ventures are equity accounted. Segmental adjustments relate to effects of proportionate consolidation to reconcile to IFRS presentation.

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NOTES TO FINANCIAL STATEMENTS

1. FOREIGN CURRENCY DENOMINATED ITEMS

for the six months ended 30 June 2022

The statement of financial position is translated at the closing rate of exchange indicated below and the income statement is translated at the average exchange rate.

Exchange rates (ZAR / US\$)

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Opening exchange rate	15.93	14.62	14.62
Closing exchange rate	16.29	14.29	15.93
Average exchange rate	15.46	14.68	14.90

2. REVENUE

for the six months ended 30 June 2022

Revenue category	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Bulk terminals	662 124	185 056	469 460
- Handling	443 968	185 056	469 460
- Mineral export sales	218 156	-	-
Container handling	820 344	678 809	1 433 330
- Recognised at a point in time	583 658	472 763	999 795
- Recognised over time	236 686	206 046	433 535
Logistics	340 522	432 909	776 132
Bank	257 901	223 069	485 009
- Net interest income	156 691	107 148	241 849
- Fees and non-interest income	101 210	115 921	243 160
Ships agency income	246 383	179 097	447 341
Other services	152 207	216 549	293 712
	2 479 481	1 915 489	3 904 984

3. LONG-TERM RECEIVABLE

for the six months ended 30 June 2022

The long-term receivable comprises of the deferred interest-bearing proceeds from the disposal of the investment in Select

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Industrial Real Estate UK Fund Limited ("SIRE").

On 04 November 2021, the Group disposed of its entire shareholding in SIRE for a cash consideration of £17.4 million to Gripon Limited, the other shareholder in the underlying structure, payable as follows:

- £4.5 million (R90.8 million) was received in 2021 on fulfilment of the condition's precedent;
- £2.0 million is to be received 12 months after disposal date;
- £5.2 million is to be received 30 months after disposal date; and
- £5.7 million is to be received 36 months after disposal date.

Following the disposal, the remaining proceeds of £12.9 million were discounted at a rate of 5.4%. The discount rate was determined based on a market related borrowing rate in the United Kingdom, for borrowing with a similar collateral profile, factoring in the credit risk of the buyer. In addition, interest at 1.5% on the outstanding proceeds will commence 13 months from the date of disposal.

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Carrying value of the receivable for the period converted at a closing exchange rate of R19.84 / £ (2021 December: 21.53 / £) *	232 131	-	^ 245 214
Split as follows:			
Non-current	192 451	-	202 099
Current	39 680	-	43 115

* The impact of a R1 change in the exchange rate would result in a change in the receivable carrying value of R11.7 million.

^ The impact of a 1% change in the discount rate at inception would have resulted in a change in the receivable carrying value of R5.8 million.

4. FINANCIAL INSTRUMENTS DISCLOSURE

for the six months ended 30 June 2022

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 or based on observable inputs:

Level 1 Unadjusted quoted prices 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).

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

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

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- Any additional revenue arrangements valued per the specified arrangement based on the specified underlying asset. The specified underlying assets include property and unlisted investments supported by management valuation.

The fair value measurement based on the income approach uses key inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management reassesses the earnings or yield multiples at least annually based on its assessment of the macro and microeconomic environments.

R'000	Carrying value	30 June 2022 Fair value instruments			Amortised cost	Other non-financial instruments
		Level 1	Level 2	Level 3		
Financial instruments						
Bank balances and cash	2 296 649	-	-	-	2 296 649	-
Other investments	909 585	71 293	87 911	417 898	332 483	-
Loans and advances	9 501 212	-	611 361	2 705 272	[^] 6 184 579	-
Liquid assets and negotiable securities	4 949 500	-	-	-	[^] 4 949 500	-
Long-term receivable	232 131	-	-	-	[^] 232 131	-
Derivative financial assets	3 132	-	3 132	-	-	-
Trade and other receivables	1 765 108	-	-	-	[^] 1 491 213	273 895
Borrowings	(4 086 178)	-	-	-	(4 086 178)	-
Trade and other payables	(1 747 623)	-	-	-	(1 380 754)	(366 869)
Deposits from Bank customers	(11 711 632)	-	-	-	(11 711 632)	-
Non-financial instruments						
Investment property	81 168	-	-	81 168	-	-
Total		71 293	702 404	3 204 338	(1 692 009)	(92 974)

[^] Carrying value approximates fair value.

Carrying value approximates fair value.							
R'000	Carrying value	Level 1	30 June 2021 Fair value instruments			Amortised cost	Other non-financial instruments
			Level 2	Level 3			
Financial instruments							
Bank balances and cash	1 847 413	-	-	-	-	1 847 413	-
Other investments	1 737 161	* 334 958	68 768	* 1 010 017		323 418	-
Loans and advances	9 673 445	-	732 328	** 2 788 637	^**	6 152 480	-
Liquid assets and negotiable securities	3 894 184	-	-	-		^ 3 894 184	-
Trade and other receivables	1 364 491	-	-	-		^ 1 237 743	126 748
Borrowings	(4 645 049)	-	-	-		(4 645 049)	-
Derivative financial liabilities	(41 382)	-	(41 382)	-		-	-
Trade and other payables	(1 419 444)	-	-	-		(1 171 581)	(247 863)
Deposits from Bank customers	(11 420 245)	-	-	-		(11 420 245)	-
Non-financial instruments							

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R'000	Carrying value	30 June 2021 Fair value instruments			Amortised cost	Other non-financial instruments
		Level 1	Level 2	Level 3		
Investment property	91 617	-	-	91 617	-	-
Total		334 958	759 714	3 890 271	(3 781 637)	(121 115)

* The Level 1 and Level 3 fair values have been represented to include the MTN Zakhele Futhi shares in the Loniwiz RF (Pty) Ltd subsidiary as Level 1 whereas previously this was disclosed in Level 3.

** The Amortised Cost Level 3 fair value amounts have been represented to reflect more appropriate disclosure.

^ Carrying value approximates fair value.

		31 December 2021				
		Fair value instruments				
R'000	Carrying value	Level 1	Level 2	Level 3	Amortised cost	Other non-financial instruments
Financial instruments						
Bank balances and cash	2 057 642	-	-	-	2 057 642	-
Other investments	1 097 668	93 707	87 911	590 621	325 429	-
Loans and advances	9 537 311	-	638 174	2 629 678	^ 6 269 459	-
Liquid assets and negotiable securities	3 935 984	-	-	-	^ 3 935 984	-
Long-term receivable	245 214	-	-	-	^ 245 214	-
Trade and other receivables	1 347 191	-	-	-	^ 1 211 106	136 085
Borrowings	(3 859 159)	-	-	-	(3 859 159)	-
Derivative financial liabilities	(24 277)	-	(24 277)	-	-	-
Trade and other payables	(1 310 696)	-	-	-	(1 055 710)	(254 986)
Deposits from Bank customers	(11 221 133)	-	-	-	(11 221 133)	-
Non-financial instruments						
Investment property	86 168	-	-	86 168	-	-
Total		93 707	701 808	3 306 467	(2 091 168)	(118 901)

^ Carrying value approximates fair value.

Reconciliation of Level 3 fair value measurement of financial instruments

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Opening balance	3 306 467	* 4 114 635	4 114 635
Purchases	218 888	224 293	458 101
Settlements	(250 384)	(193 092)	(1 088 645)
Total (losses) / gains recognised in:			
- Condensed consolidated statement of other comprehensive income	(1 338)	(4 386)	13 579
- Condensed consolidated income statement	(69 295)	* (251 179)	(191 203)
Closing balance	3 204 338	* 3 890 271	3 306 467

Fair value losses recognised in the condensed consolidated statement of other comprehensive income for Level 3 financial instruments were R70.6 million (2021 H1: R255.6 million*).

* The Level 3 fair value reconciliation has been represented in line with the change in classifications as detailed in the Fair Value Instruments classification table above.

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Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for material investments:

Material investment	Fair value at 30 June 2022 R'000	Fair value at 31 December 2021 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
North coast property loans	* 1 417 334	1 456 749	Underlying security valuation	Underlying security valuation	Per expert valuation	<p>The value of the two combined properties held as security for the loans is R3.0 billion based on independent valuations *</p> <p>These valuations together with the Group's mortgage bonds were inputs in a Monte Carlo simulation to determine an independent valuation range between R1.0 billion and R1.7 billion on the loans measured at fair value</p> <p>Increase of 10% would increase the FV by R193.1 million</p> <p>Decrease of 10% would decrease the FV by R173.1 million</p> <p>Decrease of 2% on the discount rate to a range of 5% to 11% would increase the FV by R117.6 million</p> <p>Increase of 2% on the discount rate to a range of 9% to 15% would decrease the FV by R20.0 million</p> <p>Decrease of 6 months to a range of 1.5 to 2.5 years would increase the FV by R80.8 million</p> <p>Increase of 6 months to a range of 2.5 to 3.5 years would decrease the FV by R87.8 million</p>
				Rate per hectare:	Residential / Commercial	
				Discount rate	5% - 15%	
				Time to Maturity ("TTM")	1.5 – 3.5 years	

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Material investment	Fair value at 30 June 2022 R'000	Fair value at 31 December 2021 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Loans and advances - Bank	1 287 939	1 172 929	Discounted cash flow	Credit spread of 1.6% to 12.4% **		Increase of 100bps would decrease the FV by R16.0 million Decrease of 100bps would increase the FV by R16.6 million
Asset financing	306 678	301 700	Price multiple approach	PE multiple	7.8x – 9.8x	Increased PE multiple to 9.8 x would increase the FV to R341.6 million Decreased PE multiple to 7.8 x would decrease the FV to R271.8 million
Medical	-	175 977	This investment was disposed in the current period			

* The two combined properties are held as security for the fair value loans of R1.4 billion per the table above, as well as amortised cost loans of R369.4 million.

** The loans are valued by forecasting the future interest rate by forecasting the forward interest rate on the contractually referenced floating interest rate curve and adding the contractual fixed inception credit spread. This future interest rate is applied to the nominal or carrying amount of the loan. The interest and capital cash flows are discounted using the Prime or JIBAR swap yield curves back to the valuation date. An appropriate credit spread is generally added to the curve used for discounting purposes to reflect the current credit risk associated with the borrower. If the borrower of the loan has had no change in credit risk profile since inception, the inception credit spread is applied.

Valuation process

The Group's finance and corporate finance teams perform valuations on certain assets for financial reporting purposes. The valuation input, assumptions, methodology and outputs are then challenged and debated with the Group Chief Financial Officer (CFO) prior to approval. North coast properties, being security on the lending, are assessed by an independent valuation professional and the option pricing model for the assessment of fair value is performed by an independent expert.

The main four inputs used by the Group in measuring the fair value of financial instruments are:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset;
- Risk adjustments: these are specific to the counterparties (including assumptions about credit default rates) and are derived from the market assumptions on the operational environment and other factors affecting the investment;
- Earnings growth factor for unlisted investments: these are estimated based on market information for similar types of companies or historical growth patterns; and
- Independent expert valuations: valuations were conducted by registered independent experts using both the market approach and investment method.

5. RELATED PARTY TRANSACTIONS

for the six months ended 30 June 2022

During each period, the Group, in the ordinary course of business, enters into various transactions with related parties.

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Parties are related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions are entered into under terms that are no more or less favourable than those entered into with the external third parties.

Below is a list of significant related party transactions and balances for each period:

	Nature of relationship	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 December 2021 R'000
Goods and services sold to:				
Portus Indico	Joint venture	-	-	79 492
Terminal De Carvão da Matola Limitada	Joint venture	117 391	-	140 982
Röhlig-Grindrod Proprietary Limited	Joint venture	26 771	15 308	33 657
France Rail Industry South Africa Proprietary Limited	Other related party *	740	-	664
Interest earned on loans to associates	Associates	44 446	53 274	101 031
WJ Grindrod and C Grindrod	Other related party ^	32 736	-	-
Goods and services purchased from:				
Cockett Marine Oil Private Limited	Joint venture	46 809	45 091	84 561
Amounts due from related party:				
Maputo Intermodal Container Depot, S. A	Joint venture	65 784	61 518	61 014
Railco Africa Limited	Joint venture	67 408	121 908	97 141
RBT Grindrod Terminals Proprietary Limited	Joint venture	153 315	189 142	153 940
RBT Resources Proprietary Limited	Other related party	212 159	197 103	204 222
Loans to associates	Associates	1 148 113	1 307 845	1 057 660
Property-owning entities		836 263	836 744	828 527
Private equity portfolio		311 850	471 201	229 133
Directors (directly or indirectly)	Directors and key officers	5 297	1 981	-
Interests held by directors:	Equity investment in:	% held	% held	% held
D Polkinghorne	Indirect shareholding in various Grindrod entities **	-	<2%	-
D Polkinghorne	Direct shareholding in SIRE #	-	<2%	-
Various directors	Grindrod Limited ordinary and preference shares	0.20	0.25	0.25

* ZP Zatu Moloi, a non-executive director of Grindrod Limited, is a shareholder and director of this entity.

** Grindrod Bank executed a share buy-back of the minority interest in August 2021.

The Group's interest in SIRE was disposed in November 2021. Refer to note 3.

^ WJ Grindrod, a non-executive director of Grindrod, and C Grindrod, purchased a UK residential property from the Group. The purchase price agreed was within the range of two valuations performed by independent valuers. The transaction was reviewed by the Group's lead independent non-executive director.

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6. CONTINGENT LIABILITIES

for the six months ended 30 June 2022

The Company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R4 058.6 million (December 2021: R4 213.1 million) of which R1 677.6 million (December 2020: R1 779.9 million) had been utilised at year end.

Management is currently in an appeal process with South African Revenue Services around customs VAT on a leased vessel linked to its flagging. Supported by legal opinion, the directors are of the view that the probability of a material liability arising is low.

Despite settlement in December 2020 of an investigation by Brazilian authorities into Cockett Group, the Cockett Group is still under investigation by two other authorities. The settlement is still subject to review by the Brazilian Federal General Controlling Office and it is not possible to estimate when this will happen, but no changes are expected. External legal counsel has been engaged to assist the Cockett Group in responding to such investigations in an open and transparent way and are proactively co-operating with the authorities concerned. One investigation has been dormant for more than two years and the other only affects a small subsidiary of the Cockett Group.

Due to the abovementioned circumstances, any potential exposures (such as fines, penalties or legal costs) are not possible to determine and estimate at this stage. Cockett is a 50% joint venture to the Group.

7. CAPITAL EXPENDITURE AND COMMITMENTS

for the six months ended 30 June 2022

R million	Capital expenditure		Capital commitments		Split as follows	
	H1 2022	H2 2022	2023	2024	Approved not contracted	Approved and contracted
	287.6	286.5	4.1	-	161.5	129.1
Port and Terminals	78.7	91.5	-	-	64.2	27.3
Logistics	204.0	190.5	4.1	-	97.3	97.3
Bank	1.4	-	-	-	-	-
Group	3.5	4.5	-	-	-	4.5
Split as follows:						
Subsidiaries	247.2	267.0	4.1	-	161.5	109.6
Joint ventures	40.4	19.5	-	-	-	19.5

Total capital expenditure was R287.6 million (2021 H1: R307.6 million), of which 49% (2021 H1:71%) was expansionary and the balance maintenance or replacement capital expenditure.

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8. CASH FLOW AND BORROWINGS

The financial position reflects net cash of R949.6 million (December 2021: R450.6 million). The Group generated operating profit before working capital cash flows of R803.1million (December 2021: R1 072.6 million) during the period. Working capital contributed to a net outflow of R77.6 million (December 2021: R33.3 million).

9. STATEMENT OF FINANCIAL POSITION

With total assets of R26 695.3 million (December 2021: R25 151.5 million) and low gearing, the Group's financial position remains solid. Book net asset value per share is 1 231 cents (December 2021: 1 176 cents).

Shareholders' equity increased to R8 952.1 million (December 2021: R8 577.9 million) in the current period mainly due to profits and gains in the foreign currency translation reserve. The increase of R112.1 million in the foreign currency translation reserve was due to the weaker Rand against the US dollar from R15.93 / US\$ in December 2021 to R16. 29 / US\$ in June 2022.

In addition, share buy backs of R0.7 million (December 2021: R29.9 million) were completed. Ordinary shares in issue remain unchanged from December 2021 at 698 031 586.

10. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Framework concepts recognition and measurement criteria of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum, contain the information required by IAS 34 Interim Financial Reporting, and comply with the Listings Requirements of the JSE Limited applicable to provisional reports and the Companies Act No. 71 of 2008 of South Africa requirements applicable to condensed financial statements.

These condensed consolidated interim financial statements have been prepared under the supervision of Fathima Ally, CA(SA) and were approved by the Board of directors on 25 August 2022, on recommendation by the audit committee.

Accounting policies

The accounting policies adopted, and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 December 2021. Non-trading items are a non-IFRS measure and consist of items that are usually capital in nature or not of an operational nature. Non-trading items are those items excluded from headline earnings in accordance with the South African Institute of Chartered Accountants (SAICA) Circular 1/2021.

11. POST BALANCE SHEET EVENTS

There are no material post balance sheet events to report.

Grindrod Limited

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CHANGE IN DIRECTORATE

Mr Mike Hankinson retired as non-executive director and Chairman of the Board with effect from 03 June 2022. Grindrod is immeasurably grateful to Mike for his steady stewardship and unwavering service during his 12-year tenure as director.

Ms Cheryl Carolus was appointed as Chair of the Board with effect from 03 June 2022. Cheryl is an experienced director and Grindrod looks forward to her leadership as we continue to positively contribute to our communities and Africa's trade with the world.

The Board is pleased to announce the appointment of Xolani Mbambo to succeed Andrew Waller as Grindrod's Chief Executive Officer with effect from 01 January 2023. Andrew Waller will remain in his role as Chief Executive Officer until 31 December 2022 to facilitate a smooth transition to Xolani.

PROSPECTS

Grindrod continues to drive its strategy of delivering efficient and cost-effective logistics solutions to its existing and potential new customers. In support of these solutions Grindrod will invest in the required infrastructure. Grindrod Bank focuses on delivering on its core business, expanding its SME offering and providing a compelling platform banking solution to its customers.

AG Waller
Chief Executive Officer
26 August 2022

CA Carolus
Chairperson
26 August 2022

DECLARATION OF INTERIM DIVIDEND

Ordinary dividend

Notice is hereby given that a gross interim dividend of 17.20 cents has been declared out of income reserves for the six months ended 30 June 2022 (2021 H1: nil cents). The interim net ordinary dividend is 13.76 cents per share for ordinary shareholders who are not exempt from dividends tax.

As at the date of this announcement, there were 698 031 586 ordinary shares in issue.

Preference dividend

Notice is hereby given that a gross interim dividend of 337.0 cents (2021 H1: 305.0 cents) per cumulative, non-redeemable, non-participating and non-convertible preference share has been declared out of income reserves for the six months ended 30 June 2022. The interim net preference dividend is 269.6 cents per share for preference shareholders who are not exempt from dividends tax.

As at the date of this announcement, there were 7 400 000 preference shares in issue.

Grindrod Limited

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Salient dates

The salient dates for the ordinary dividend and preference dividend ("dividends") are as follows:

Dividends' declaration date	Friday, 26 August 2022
Last date to trade cum-dividends	Tuesday, 20 September 2022
Ordinary shares and preference shares start trading ex-dividends	Wednesday, 21 September 2022
Record date	Friday, 23 September 2022
Payment date	Monday, 26 September 2022

No dematerialisation or rematerialisation of ordinary shares and preference shares will be allowed for the period Wednesday, 21 September 2022 to Friday, 23 September 2022, both days inclusive.

The local dividend tax rate is 20% and Grindrod's tax reference number is 9435/490/71/0. Both the ordinary dividend and preference dividend are declared in the currency of the Republic of South Africa.

By order of the Board

VB Commaillie
Group company secretary
26 August 2022

CORPORATE INFORMATION

Directors

CA Carolus (Chair *), NL Sowazi * (Lead independent non-executive director), FB Ally (Group financial director), GG Gelink*, WJ Grindrod *, B Magara *, D Malik *, XF Mbambo, DA Polkinghorne, PJ Uys *, WO van Wyk (alternate) *, AG Waller (Group chief executive officer) and ZP Zatu Moloi *.

* Non-executive.

Registered office

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Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2022

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Registration number: 1966/009846/06, Incorporated in the Republic of South Africa

Share code: GND and GNDP ISIN: ZAE000072328 and ZAE000071106

("Grindrod" or "the Company" or "the Group")

Statements contained in this announcement regarding the prospects of the Group, have not been reviewed nor audited by the Group's external auditors.

For more information and additional analyst information, please refer to www.grindrod.com.